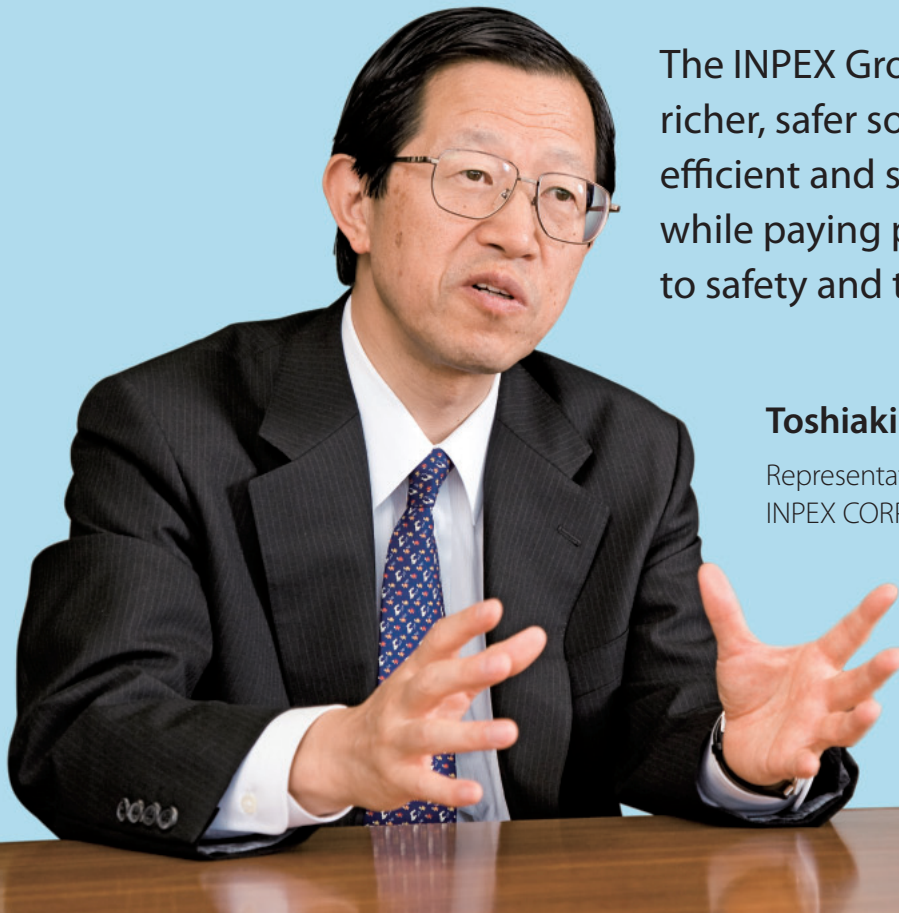


Top Management Commitment



The INPEX Group will contribute to a richer, safer society by providing an efficient and stable supply of energy while paying proper consideration to safety and the environment.

Toshiaki Kitamura

Representative Director, President
INPEX CORPORATION

We would like to express our deepest sympathy and condolences to those affected by the recent devastating earthquake in Japan, and our sincere wish for a safe and smooth recovery for all families.

Since the earthquake, the INPEX Group has provided emergency relief supplies to disaster victims, including such petroleum products as gasoline and kerosene manufactured by INPEX, as well as supported local electrical utilities by providing them with additional supplies of crude oil and liquified natural gas (LNG) produced overseas. We intend to continue supporting the reconstruction effort as best we can.

While we were fortunate that the earthquake's impact on our facilities was very minimal, it motivated us to reaffirm our commitment to achieving higher safety and disaster preparedness.

Recent Developments in Global Energy

Three events happened from 2010 to 2011 that shook the energy industry.

The first event was the Deepwater Horizon oil spill off the Gulf Coast of the United States in April 2010. This event—a serious incident for deepwater development, a field that is gathering attention as a promising frontier for oil and natural gas—spurred oil majors and other companies involved in oil development to reaffirm their commitment to strengthening safety and environmental management.

The second event was political unrest in the Middle East and Northern Africa, which began with the Jasmine Revolution in Tunisia in December 2010. Despite the fact that there were no major disruptions to actual oil supplies, oil prices continue to remain high and show increased volatility due to supply concerns. For Japan, which relies on the Middle East for 90% of its oil imports, high oil prices are a threat to our economic and energy security.

The third event was the Great East Japan Earthquake in March 2011 and the ensuing accident at the Fukushima Daiichi Nuclear Power Plant. The disaster and this nuclear accident have sparked a major debate over the future direction of energy policy not only in Japan but around the

world. Countries like Germany and Switzerland have already announced revisions to their nuclear energy policies, and the debates centered on energy policy in various countries have the potential to affect future energy supply and demand and the manner in which climate change is addressed. Amidst all this, in June 2011 the International Energy Agency (IEA) released a special report stating that, with the combined effects of the Fukushima incident, growing demand for natural gas in China and other emerging economies, and a rapid increase in the supply of natural gas resulting from increased development of unconventional sources such as shale gas, natural gas could occupy a more prominent role in world primary energy demand.

As the debate over the best mix of global energy sources intensifies, the INPEX Group understands that implementing the three strategies outlined below, including realizing our goals for natural gas development, an undertaking we have been steadily pursuing for some time, is becoming increasingly necessary.

Long-term Outlook and Growth as an Integrated Energy Company

The INPEX Group is steadily promoting three medium- to long-term strategies that we previously set forth: (1) to continue to expand our oil and gas upstream business; (2) to establish a natural gas supply chain and diversify our gas business; and (3) to become a company that offers a broader range of energy. In addition, we are carrying out a thorough revision of our overall operational safety systems based on the latest developments and strengthening our risk management systems and business continuity plan (BCP). With 2011 being an important milestone particularly in our promotion of natural gas development, we hope to contribute to the development of a sustainable economy by fulfilling our social mission to provide an efficient and stable supply of energy while adapting to changes in the global business environment.

To start, with regard to our first strategy to expand our oil and gas upstream business, we will seek to further expand our reserves and production of natural gas, the development of which has long been a priority for us and is increasingly anticipated as an energy source with a smaller environmental impact compared with other fossil fuels. To do so we will carry out plans to develop the Ichthys (Australia) and Abadi (Indonesia) projects, two projects we are undertaking overseas that rank among the largest LNG projects in the world. For the Ichthys Project, the first large-scale LNG project to be operated by a Japanese company covering everything from exploration through production, we will make our final investment

decision in the fourth quarter of 2011.

To establish a natural gas supply chain and diversify our gas business, we will fortify our natural gas supply system to be more stable and flexible by organically linking overseas sources of LNG that we hold an interest in with natural gas supply infrastructure in Japan, thereby contributing to a greater use of environmentally friendly natural gas. As part of this effort, in May 2011 we made our final investment decision on the extension of our natural gas pipeline network, and started full-scale construction of a new line (the Toyama Line).

As initiatives to become a company that offers a broader range of energy, we will pursue activities in and opportunities to enter the field of diversified energy use in ways that utilize electricity storage technologies as well as geothermal and other renewable energies with future business potential. From an ultra long-term perspective, we will also steadily develop “dream technologies” of the future such as using photocatalysts to produce hydrogen and methane.

Our Commitment to Local Communities and the Global Environment

By steadily promoting these medium- to long-term basic strategies, the INPEX Group aims to grow into a top-level and specialized upstream company with global operations, second only to the oil majors. At the same time, we will carry out activities to supply diverse forms of energy and deploy technologies that are more environmentally friendly. We believe that to achieve this we must develop an ambitious, skilled, and experienced workforce and also be keenly aware of our role in society. For example, in the process of implementing the Ichthys Project we have made repeated efforts to improve communication with local community members and actively carried out other activities such as establishing a vocational training school for local youth, including those for indigenous peoples. As we communicate closely with local communities and residents of the oil and gas producing countries where we operate, we will continually make better efforts to contribute to the growth and earn the trust of local communities by conducting safe operations, taking precautions to protect the environment, creating jobs, respecting human rights, and improving the quality of living environments.

The *CSR Report 2011* and its online version highlight certain aspects of these activities at the INPEX Group. We hope to gain your understanding, your support, and look forward to receiving any feedback you may have regarding our CSR activities.

Mission, Corporate Social Responsibility Policy and Code of Conduct

The INPEX Group has formulated a Mission, Corporate Social Responsibility Policy, and Code of Conduct. Our Mission reflects our objective of playing an active role in social development. Our Corporate Social Responsibility Policy directs our CSR initiatives and reaffirms our commitment to promoting them. And our Code of Conduct describes how we as individuals of the Group should perform ethically on a daily basis.

Mission

The mission of the INPEX Group is to provide a stable and efficient supply of energy to our customers by exploring and developing oil and natural gas resources throughout the world. Through its business, we aim to become an integrated energy company, which contributes to the community and makes it more livable and prosperous.

Corporate Social Responsibility Policy

The INPEX Group conducts business efficiently and proactively with a long-term perspective. Guided by the leadership of top management, we are committed to fulfilling our corporate social responsibilities. Our key principles include:

1. Deliver energy in a stable and efficient manner.
2. Comply with laws, rules and regulations and adhere to ethical business conduct.
3. Communicate timely and openly with shareholders, employees, customers, business partners and other stakeholders.
4. Value the individuality of employees, secure a safe, healthy and worker-friendly environment, and provide opportunities for career development.
5. Recognize our responsibility to help preserve the environment and contribute to sustainable development
6. Contribute to the development of host countries and communities, based on the understanding of cultural diversity.

Code of Conduct

Every officer and employee of the Group fully understands and strictly follows the articles of this code of conduct to achieve appropriate management and fulfill its responsibilities as a decent member of society.

1. Compliance with Laws and Ordinances
2. Respect for Human Rights
3. Contributions to Society
4. Respect for Business Ethics
5. Respect for Employees
6. Approach to the Environment, Safety and Health
7. Securing the Soundness of Company Assets and Finances

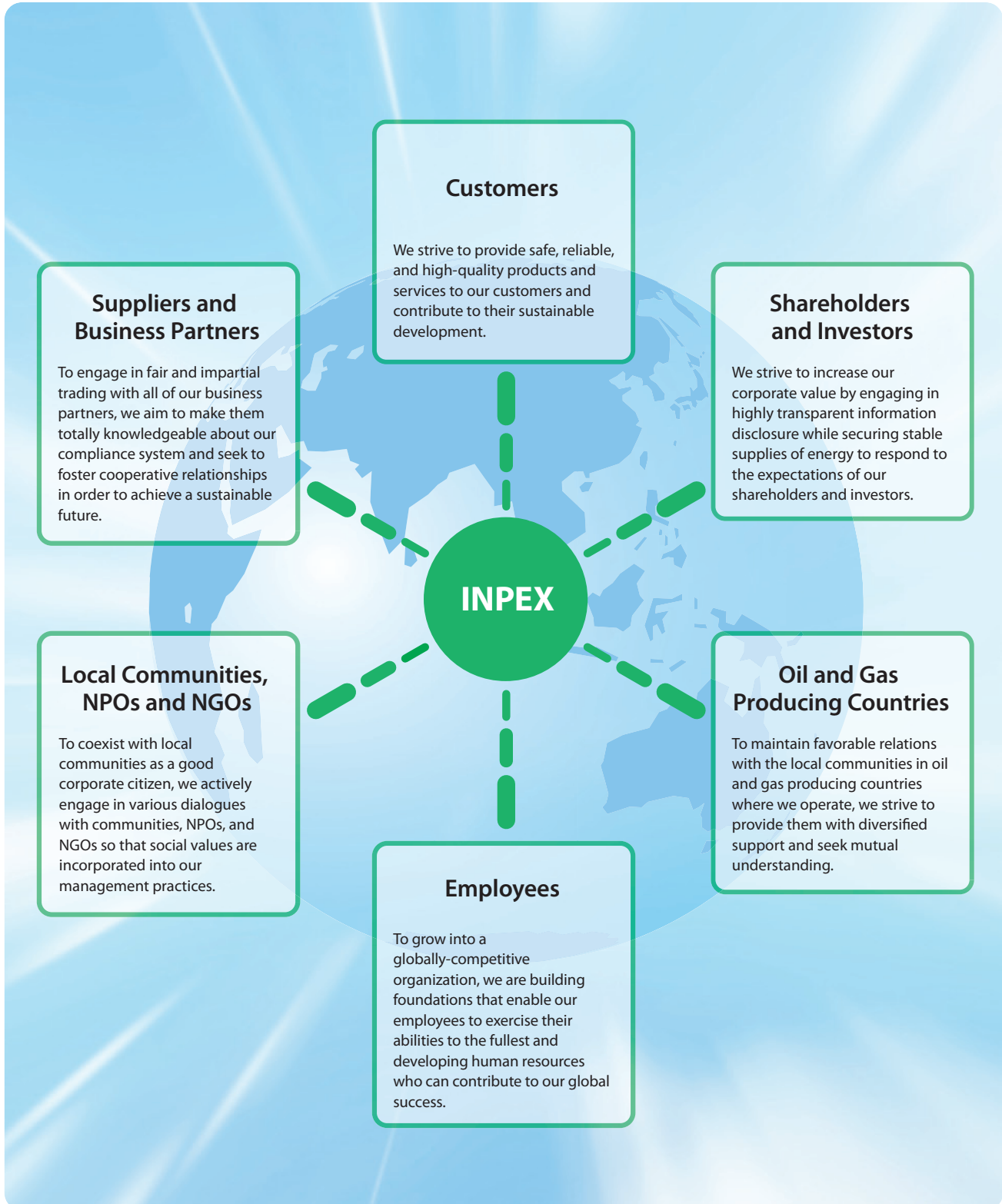


For details, please refer to our website:
<http://www.inpex.co.jp/english/csr/>

Relationships with Major Stakeholders

We are committed to providing society with a stable and efficient supply of energy in an environmentally friendly manner. To fulfill this commitment, we find it imperative to work closely with stakeholders directly or indirectly associated with our business. We thus engage in business activities while maintaining various relationships with stakeholders.

Relationships with Stakeholders



Business Activities

Who are our stakeholders in the various processes of our business activities and how should we meet their interests? We have reconfirmed the answer to this question and here provide an overview for each process.

1 Acquisition of License Blocks

Activities

- Collection of technological information pertaining to regions with potential crude oil and natural gas reserves
- Technological assessment based on existing documentation and purchased materials and preliminary survey of location conditions, political and economic stability, and legal frameworks in potential regions of operation
- Applications and bidding for concession rights or working interest
- Conclusion of contracts to acquire interests

Stakeholders

- Oil and gas producing countries
- Shareholders and investors
- Employees

Consideration for our stakeholders

- Compliance with local laws



Contract signing ceremony

3 Development and Production

Activities

- Formulation of development plans for oil and gas fields
- Drilling of production wells (wells for commercial acquisition of crude oil and natural gas)
- Construction of processing facilities to separate gas and liquid and to filter out impurities, and construction of loading terminals for crude oil and natural gas
- Production of crude oil and natural gas

Stakeholders

- Oil and gas producing countries
- Local communities and NGOs
- Partner companies
- Suppliers (vendors, etc.)
- Employees
- Shareholders and investors

Consideration for our stakeholders

- Active disclosure of data concerning development and production activities
- Scholarships for students in oil and gas producing countries
- Implementation of environmental impact assessments
- Health maintenance of employees at operating sites
- Fair materials procurement
- Safe operation at operating sites
- Reduction of greenhouse gas emissions
- Improvement of local living standards by developing infrastructure



Offshore facility of Bayu-Undan project

2 Exploration and Evaluation

Activities

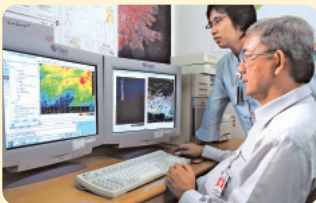
- Collection of basic data regarding the potential subsurface accumulation of crude oil and natural gas by using terrestrial geological surveys, aerial photographs, satellite images, and existing data on exploration
- Implementation of geophysical surveys, including gravity, magnetic, and seismic surveys, to ascertain underground structures and locate favorable structures
- Determination of locations for and drilling of exploration wells to confirm the existence of crude oil and natural gas
- Determination of locations for and drilling of delineation wells to evaluate the extent of the detected crude oil and natural gas
- Evaluation of subsurface information to confirm the distribution of crude oil and natural gas reservoirs and to estimate reserves
- Comprehensive evaluation of the commercial viability of development

Stakeholders

- Oil and gas producing countries
- Shareholders and investors
- Local communities
- Partner companies
- Suppliers (vendors, etc.)
- Employees

Consideration for our stakeholders

- Implementation of environmental impact assessments
- Reduction of impact of exploration activities on the natural and social environments



Study of oil layers

4 Refining, Transportation, and Sales

Activities

Oil

- Crude oil produced in Japan is transported by oil tankers and tanker trucks to our refineries, where it is refined into petroleum products such as naphtha, kerosene, heavy oil, and liquefied petroleum gas (LPG, composed mostly of propane and butane), which are then sold and shipped to customers by oil tankers and tanker trucks
- Crude oil produced outside Japan is sold and shipped by oil tankers or via pipelines to refineries and/or trading companies for refining, to power companies for use in thermal power plants, and to petrochemical companies for the manufacture of chemical products
- Exchange of crude oil with other international oil companies to meet customer needs

Natural Gas

- Natural gas produced in Japan is sold to gas companies and large factories via pipelines
- Natural gas produced overseas is shipped and sold to power and gas companies primarily in Japan as liquefied natural gas (LNG, composed mostly of methane) and LPG, or sold to gas producing countries and their neighbors via pipelines
- In 2014, the Naoetsu LNG Receiving Terminal, currently under construction, will begin receiving LNG produced overseas for resale in Japan through domestic gas pipeline network built as part of a gas supply chain

Stakeholders

- Oil and Gas Producing Countries
- Local communities and NGOs
- Partner companies
- Suppliers (vendors, etc.)
- Employees
- Shareholders and Investors
- Customers

Consideration for our stakeholders

- Product safety control
- Development of systems for stable and flexible supply



LNG tanker

Overall Direction of Medium- to Long-term Strategies and CSR Activities

The INPEX Group is propelling its business based on three medium- to long-term core strategies while drawing on our unique strengths that include rich reserves of natural resources, large-scale LNG projects, a gas supply chain, and a solid financial position.

Three core strategies 1 Sustainable expansion of oil and gas exploration and production ventures

Strive to sustainably maintain and expand production and held reserves to guarantee a stable supply of energy. Additionally, strengthen the overall capabilities of our upstream business (capabilities with regard to information, financing, technology, and negotiation) by operating and promoting current exploration, development, and production projects.

Three core strategies 2 Establishment of gas supply chain and enhancement of gas business

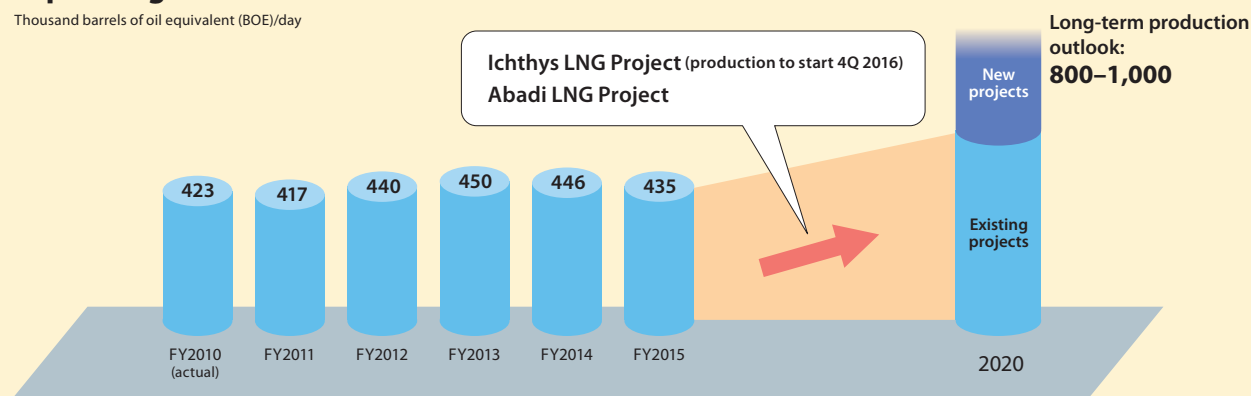
Develop gas supply chain systems that will enhance added value by organically linking Japanese and foreign gas sources with Japanese gas markets through the construction of LNG receiving terminals and the augmentation of our pipeline network.

Three core strategies 3 Growth into a company which provides diversified energy

Pursue additional methods and means of supplying energy to develop and supply diverse forms of energy, and strive to grow into a company that achieves harmony with and contributes to the sustainable growth of local communities and the global society by supplying diverse forms of energy.

Expanding Net Production

Thousand barrels of oil equivalent (BOE)/day



* Projected values for net production from fiscal 2011 onward are based on the same oil prices as those expected for fiscal 2011

We aim to increase net production to between 800,000 to 1,000,000 barrels (crude oil equivalent) per day by 2020, and establish a firm position as a global upstream company among the top group of independents*

* Independent: An independent oil and gas producer next in size to the international major oil companies

CSR Activities Based on Our Medium- to Long-term Strategies

In the process of striving to achieve our medium- to long-term strategies and establish our position as a leading independent, we at the INPEX Group have been actively promoting CSR activities based on the awareness that CSR is an intimate and inextricable part of our business. While our responsibility to society and our stakeholders will grow as our business expands, we will commit ourselves to fulfilling our social responsibility in our operations by working to conserve the environment, ensure safety, create jobs, appreciate human rights, respect cultures and customs, communicate with local communities and NGOs, and so forth. In this way, and by providing a steady supply of energy, we will contribute to the development of a sustainable global society.