Building Trust with and Contributing to Local Communities
The INPEX Group is working to win the trust of society in its business activities. We defined a basic policy and key areas for “building trust with and contributing to local communities,” as a key CSR issue and implementing initiatives based on this policy and these areas, we will work to solve social issues in the countries in which we operate, and to contribute to development of local communities.

Support Activities After the Great East Japan Earthquake
Support Activities After the Great East Japan Earthquake The INPEX Group will continue to provide all possible support to the Great East Japan Earthquake, such as sending 445 volunteers to affected areas, donation of additional funds and money, in order to facilitate a return to normality for disaster victims.

Initiatives to Contribute to Local Communities (Domestic)
As a good corporate citizen that exists in harmony with local communities, the INPEX Group maintains, through communication with stakeholders, awareness of the roles it must fulfill, valuing regional cultures and customs as it carries out its business activities. By doing this, the Group strives to exist in harmony with local communities, while contributing to the creation of prosperous societies. We introduce support activities taken in Japan on this page.

Initiatives to Contribute to Local Communities (Overseas)
As a good corporate citizen that exists in harmony with local communities, the INPEX Group maintains, through communication with stakeholders, awareness of the roles it must fulfill, valuing regional cultures and customs as it carries out its business activities. By doing this, the Group strives to exist in harmony with local communities, while contributing to the creation of prosperous societies. We introduce support activities taken around the globe on this page.

Fair Trade with Business Partners
The INPEX Group works to conduct fair and responsible trade as we procure materials while paying respect to compliance, HSE (health, safety, and the environment), and human rights. We also seek to grow alongside our suppliers by building partnerships based on mutual trust.

Product Quality Control
The INPEX Group strives to deliver products that are safe and stable during their supply and usage, while complying with applicable laws and regulations and the INPEX Corporate Social Responsibility Policy as well as providing all necessary information. We also provide customers with timely information required to use our products safely as well as regular quality measurement data.

Human Resource Development and Utilization
We have established the following Basic Policy on Our Human Resources Management System as the cornerstone of a personnel management system that contributes to the sustainable development of the company in our effort to be a globally active integrated energy company. By operating systems based on this policy, our goal is to harness employee capabilities to produce high-quality results as a team and become an organization.

Health Management
The INPEX Group considers health maintenance and promoting better health among our global employees to be critical to the execution of our business activities. We adopt various approaches to ensure that our employees are physically and mentally healthy.

Appropriate Information Disclosure
The INPEX Group communicates promptly and openly with shareholders, suppliers, business partners, and other stakeholders and discloses corporate information in a timely, appropriate, and fair manner through investor relations activities, the company website, and public relations outreach. Doing so ensures the transparency and accountability of management and we constantly strive to improve on these initiatives.
Basic Policy

In its business activities, the INPEX Group emphasizes the construction of ties of trust with society in its operation areas. In April 2012 we defined a basic policy and key areas for “building trust with and contributing to local communities,” one of the key CSR issues we selected. By implementing initiatives based on this policy and these areas, we will work to solve social issues in the countries in which we operate, and to contribute to development of local communities.

Communication with Local Communities

The INPEX Group strives to build trust and good relationships with stakeholders when undertaking oil and gas development businesses.

In Australia, the Ichthys LNG Project is preparing a social impact management plan (SIMP) for its activities that is based on international standards and more particularly on the IFC Performance Standards*1 on Environmental and Social Sustainability. The purpose of the SIMP is to assess, analyze and manage the Project’s impact on local communities. The SIMP will encompass a wide range of subjects such as training and employment, business opportunities, cost of living, housing, road and marine traffic, public safety, public services, health and cultural heritage.

The Ichthys LNG Project is committed to an open and transparent approach with all stakeholders and the community engagement plan developed for the Darwin Harbour dredging program exemplifies this approach. A wide range of stakeholders were consulted prior to the dredging program’s commencement. Up-to-date information is being provided through regular bulletins on the Ichthys LNG Project website as well as on notice boards at community facilities such as boat ramps. Feedback from local community members is solicited through a toll-free telephone number, the Ichthys Project website and via face-to-face contact at community events or during Project briefings. Systems and processes such as a stakeholder relationship management system and a community grievance management procedure have been developed to manage and address feedback and complaints made by the community in relation to Project activities.

In the Abadi LNG Project, we formulated and are executing a program for social contribution based on the findings of a socioeconomic survey*2 conducted in the operation area in 2011 and consultation with stakeholders. This program divides the 15-year term beginning in 2011 into three five-year periods, in correspondence with the project progress, and is aimed at enhancing the autonomy and advancement of the local community. It is adapted to the wants and needs of the various stakeholders in the area, including local governments and residents. In the formulation and execution of the program, we collaborated with the Institute for Economic and Social Research attached to the University of Indonesia*3.

In the Abadi LNG Project, we are therefore working for harmonious coexistence and prosperity with all parties in the local community, through direct communication and ties of collaboration with them as part of the routine business activities.

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*1 IFC Performance Standards on Environmental and Social Sustainability
*2 Socioeconomic survey
*3 Institute for Economic and Social Research attached to the University of Indonesia
Performance standards of the International Finance Corporation (IFC) related to social and environmental sustainability.

**Socioeconomic survey:** This survey was conducted on the Tanimbar Islands in 2011 by the University of Indonesia Institute for Economic and Social Research, which was commissioned to do the job. It was motivated by the risk that the expanded involvement of the project in the area in the future, while creating a certain level of opportunities for indigenous industries and employment, could cause land-related strife among residents and result in economic disparity and social tensions.

**Collaboration with the Institute for Economic and Social Research:** The University of Indonesia Institute for Economic and Social Research sees that programs are properly implemented as their manager and independent evaluator. It also sees that the funds from INPEX are properly managed, and assures the transparency of their use by furnishing us with reports on the facts of activities, expenditures, and income.

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**Contribution to Local Employment**

In pursuing our business in oil and natural gas development, we try to employ local residents. This is in keeping with our commitment to help stimulate the society and economy of the countries and regions where we operate, through employment.

In the Abadi LNG Project, assessment standards specifically according precedence to local enterprises and indigenous residents are applied in selection of human resources for involvement. The INPEX Group is likewise taking action to assure recruitment of the necessary human resources in step with the progress of the project through its office in the Indonesian capital of Jakarta.

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**Involvement in Public Policy**

The INPEX Group is a member of the Japan Petroleum Development Association (JPDA). While striving to secure a stable supply of oil through developments in Japan and overseas, JPDA works to support the proactive oil developments of Japanese companies both domestically and overseas, and provides advice on policies related to a wide range of issues including government resource diplomacy, energy policy, environmental policy and regulatory reform.
Support Activities After the Great East Japan Earthquake

Ongoing Activities of Support for Recovery

The Great East Japan Earthquake, which struck on March 11, 2011, caused tremendous damage over an enormous area, and the areas affected by it are still expected to take a long time to recover. The INPEX Group is committed to continued measures of support, including the dispatch of employee volunteers, to help the people in the affected areas return to a rewarding and settled lifestyle as soon as possible.

Working to Reconstruct Areas Affected by Disaster

From June 2011, the INPEX Group has supported employees who participate in volunteer activities to restore damage from the Great East Japan Earthquake and other disasters. Employees who wish to participate in volunteer operations can utilize the Group’s volunteer leave system and are also provided with financial support such as travel and accommodation expenses and allowances to purchase necessary tools.

As of June 2013, a total of 611 employees have participated in a range of disaster relief and recovery programs. The programs, which were implemented 62 times in total, include debris clearance, grass cutting and cleaning work focused in Rikuzentakata City, Iwate Prefecture, snow removal (mainly in Niigata Prefecture), and relief from damage caused by heavy rain.

Activities for Recovery in FY2012

In November 2012, the INPEX Group began taking part in Collective Action for Recovery from the Great East Japan Earthquake, a volunteer program led by the Global Compact Japan Network (GC-JN). Through this program, we are assisting the Watari Greenbelt Project in the town of Watari, Miyagi Prefecture. By June 2013, an extended total of 20 INPEX Group employees had participated in the total of six dispatches. This project was launched together with the citizens of the town and the town officials, in line with the national policy for the planting of forests offering strong protection against tides on the road to recovery. We are going to continue cooperating with GC-JN in provision of assistance into the long term.

Response at the Time of Occurrence

Prompt Provision of Monetary Aid, Donations, and Relief Supplies

The INPEX Group donated ¥200 million to the Japanese Red Cross Society to help communities devastated by the Great East Japan Earthquake on March 11, 2011. We also donated additional funds of approximately ¥4.8 million, collected from among members of the Group.

Also, for communities in Fukushima Prefecture with whom we have a long-running relationship—23 years from 1984 to 2007—through natural gas production operations in the Offshore Iwaki Gas Field offshore from Naraha, Fukushima, we delivered emergency relief supplies in the form of daily essentials, including drinking water, rice, diapers, gas cylinders, and gas stoves, directly to emergency shelters using our own trucks.
Emergency Delivery of Petroleum Products to the Disaster Zone

Responding to urgent requests for fuel from the affected areas during mid-March to early April 2011, right after the disaster, we supplied approximately 400 kiloliters—or 21 tanker trucks—of petroleum products (gasoline, kerosene, diesel oil, and heavy oil) refined and manufactured at our refineries from crude oil produced in Japan to devastated communities in Fukushima Prefecture.

Using our own trucks and maintaining communication with recipients in the area, we carried gasoline and diesel oil to the filling stations of bus companies that were still operating, to be used for emergency vehicles, water trucks, and other relief vehicles. Kerosene we delivered was used as heating fuel, and heavy oil was used as an emergency fuel for generating power at hospitals in the disaster zone.

We also delivered class-C heavy oil refined from crude oil produced in Japan to electric utilities to be used as fuel for power generation.

Utility Gas Subsidiary Joins the Reconstruction Effort

Responding to a request from a utility gas company in Miyagi Prefecture, where the devastation was among the most severe, Sakata Natural Gas Co., a Group company in the utility gas business in Sakata, Yamagata Prefecture, formed a partnership with two nearby utility gas companies and began operations to support the reconstruction effort in Miyagi. Given that nearly 90% of the houses in the area were washed away or flooded by the tsunami, activities were largely a battle with removing seawater. Still, Sakata Natural Gas worked with other businesses from the end of April to the end of May 2011, and completed the planned reconstruction work without major difficulties.

Procurement of Crude Oil and LNG in Response to Emergency Requests

In the wake of the disaster, power plants fueled with oil and natural gas were compelled to increase their generated output to compensate for the suspension of operations by nuclear power station units. In response to requests from electric power companies, INPEX supplied additional shipments of crude oil and LNG produced by overseas projects in which it has an interest in the months of April and May 2011, right after the disaster struck. Within Japan as well, we are making additional supply of petroleum products, both of our own and procured from other firms. We intend to continue meeting such requests to the best of our ability.

Employee Voice

Mamoru Sato
Deputy Manager
Teiseki Transport System Co., Ltd.

On March 17, 2011, within days after the earthquake, I found myself gripping the steering wheel of a 14-ton truck packed with drinking water, blankets, and other relief supplies bound for Soma, Fukushima Prefecture, fixed only on the thought of getting there as fast as safely possible. “Thank you!” “You’re a life saver!” “Let me help!” were among the responses I heard when I arrived at the shelter. With the residents of Soma quickly unloading package after package, we managed in 40 minutes to empty the truck, which took two hours to fill. By coming in direct contact with the gratefulness of people who were affected by the disaster, I felt a sharp sense of the mission we have as distributors and the immense honor of being a professional driver.
Initiatives to Contribute to Local Communities (Domestic)

Working to Reconstruct Areas Affected by Disaster

From June 2011, the INPEX Group has supported employees who participate in volunteer activities to restore damage from the Great East Japan Earthquake and other disasters. Employees who wish to participate in volunteer operations can utilize the Group's volunteer leave system and are also provided with financial support such as travel and accommodation expenses and allowances to purchase necessary tools.

Support Activities After the Great East Japan Earthquake is here.

Sponsored Course at The University of Tokyo Graduate School of Public Policy

Since 2010, we have sponsored a course at The University of Tokyo Graduate School of Public Policy entitled “Energy Security and the Environment” with the aim of developing human resources, raising a societal awareness of the importance of energy security, and contributing to research and educational activities in energy policy and environmental issues. The course consists of lectures on energy and environmental policies, and groups for research on issues related to the global environment and energy supply. It also encompasses an international symposium that is held on an annual basis. In fiscal 2012, the symposium was titled "Assurance of Energy Security and New Directions in the Energy Business". Over the three-year period ending with fiscal 2012, the course recorded totals of about 700 for the number of graduate students who had attended its lectures, about 50 (from about 20 firms and other institutions) for the number of researchers participating in its research groups, and about 600 for the number of participants in the three international symposiums. The INPEX Group is going to continue sponsoring the course.

Sponsored Course at The Hitotsubashi University Graduate School of International Corporate Strategy (ICS)

In August 2013, INPEX began sponsoring a three-year course titled "INPEX: Management of Energy Business" at the Hitotsubashi University Graduate School of International Corporate Strategy (ICS). The course is designed to provide instruction about all aspects of management in the energy business from the perspective of corporate executives. It will take up the whole spectrum of issues involved in development of international energy business, including global strategy, technology & risk management, supply chain management, procurement of funds, and relations with governmental institutions. Together with Professor Ryuji Yasuda of ICS, Mr. Noboru Tezuka, Special Consultant at INPEX (and specially appointed ICS Professor) will be in charge of the course composition and management of the overall program. For the actual instruction, there are plans to invite representatives of energy-related national ministries or agencies and institutions as well as business persons from trading firms and electric power companies as guest speakers to supplement the lectures by the ICS team of professors. In the second and third year of the course, the holding of an external symposium is under consideration along with the preparation of papers by students on a theme of their choice from the lectures.

Contributing to Local Communities

Forest Management Support Program

Since autumn of 2010, we have constantly been involved in a forest management program backed by the Forest Management Support Program of Niigata Prefecture, on a 0.8-hectare parcel of land near the Minami Nagaoka Gas Field. This activity has attracted the participation of INPEX employees and their families as well as local residents. Besides preserving the global environment through the planting and maintenance of forests, it is aimed at deepening community interchange and heightening the environmental awareness of our employees. The sixth round of activities, which took place in the spring of 2013, had a total of 183 participants, who joined in removing snow from and installing braces for seedlings already planted, weeding, and fertilizing. Some also tried their hand at hammering plugs containing mushroom spores into holes in a log for mushroom cultivation and planted sweet-potato seedlings on the grounds.
Supporting and Participating in Community Events

In the prefectures of Akita, Chiba, and Niigata, where INPEX has opened offices, we are actively cooperating with and participating in all sorts of local events. We are also involved in activities rooted in the community, such as campaigns to clean up the neighborhood around the office and the seashore, and improvement of parks.

Local events may be exemplified by Niigata Festival (held in the city of Niigata in August), the folk dance parade in the Gion Kashiwazaki Festival (held in the city of Kashiwazaki in July), the Kashiwazaki Shiokaze Marathon (held in the city of Kashiwazaki in May), and the Echigo Kubikino 100-kilometer Marathon (held in the city of Joetsu in October). In addition to supporting the operation of these events on a volunteer basis, many of our employees enliven the doings by running in the marathons and dancing in the festivals themselves.

INPEX also backs local fireworks displays, including that in Nagaoka Festival, which is renowned nationwide as one of the three biggest fireworks displays in all of Japan. Through these activities of assistance and participation that people in the respective communities can actually see, we are striving to deepen their understanding of our business.

Recovery Work for Niigata and Fukushima Rain Damage

44 INPEX employees living in Niigata Prefecture participated in recovery efforts to support areas damaged by heavy rainfall that hit Niigata and Fukushima prefectures in July 2011. The group worked to clear guttering and remove soil that had flowed into homes.

Snow Clearing Volunteer Work

In February 2012, employees working at INPEX Group sites in the cities of Nagaoka and Kashiwazaki, Niigata Prefecture, served as snow-clearing volunteers in response to unusually heavy snowfall from a cold snap that hit the region. 23 employees participated as volunteers, working for two days to clear snow from the homes of elderly residents.

Picture drawing event in the Naoetsu LNG tank

The Naoetsu LNG Receiving Terminal Construction Office invited 66 students and 11 teachers from two neighbor schools to a “Picture drawing event inside the LNG tank” in May 2012 just before the closure of the LNG tank opening.

Participants received a brief explanation about the “history of natural gas in the Joetsu region” and an “overview of the LNG terminal”, and then conducted experiments using liquid nitrogen, which is kept at a similarly low temperature as LNG, and thus developed some understanding of the nature of LNG that would be fed into the tank.

After the experiments, they went inside the LNG tank, and freely drew pictures about their future dreams, themselves and families, along with messages for their friends, etc. on the inner walls and bottom of the tank using colored pens.

Use of INPEX’s First Megasolar System as a Facility for Touring

Located in the city of Joetsu, Niigata Prefecture, INPEX Megasolar Joetsu is a photovoltaic power generation plant that commenced operation in March 2013 as the first such facility in the INPEX Group. In this plant, we installed facilities for educational tours by children to help them learn about energy. The plant is accepting tours mainly by elementary and junior high school students to support education about renewable energy.
Donation of "Secrets of Natural Gas Development" in the "Better Understanding through Comic Books" Series

INPEX assisted the composition, production of illustrations, and overall editing work in preparation of "Secrets of Natural Gas Development", the 81st volume in the "Better Understanding through Comic Books" series, 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 for the purpose of sharpening interest in energy and environmental problems among children. We are also donating it to schools for Japanese children in regions where we maintain offices overseas.

Program for Firsthand Experience of Workplaces by Junior High School Students

In cooperation with a program conducted by the NPO School Support Center, INPEX is accepting junior high school students into its head office for experience of workplaces. In 2012, students from public junior high schools in Mie Prefecture visited our office and got a taste of our business through a lecture on energy development and a videoconference with one of our overseas offices.
In March 1981, the INPEX Group founded the INPEX Scholarship Foundation to foster the advancement of education and scholarship in Indonesia and Japan and promote understanding, friendship, and goodwill between the two countries.

The Foundation offers scholarships for Indonesian university graduates who have a degree in natural science and are working as an assistant, researcher, or other research-related position at their alma mater, a research center, or other institution to acquire a master’s degree in a natural science at a Japanese university.

As a cultural exchange program between the two countries, the Foundation also gives assistance to young Japanese researchers who wish to study in one of a variety of fields in Indonesia including culture, the arts, and science. As of the end of fiscal 2012, the cumulative total number of scholarship recipients had reached 114 from Indonesia and 45 from Japan. The INPEX Group has so far donated ¥1.09 billion to the Foundation.
**[Indonesia] Supporting the Improvement of Learning Environments**

INPEX together with TOTAL as operator of the offshore Mahakam block implement educational programs with the local community in the East Kalimantan district. With the belief that the education is one of the key elements for the development of the community and the country, in order for the students going to schools in the district to be provided high quality educational opportunity, we supported the renovation and improvement of the school facilities to make a better teaching environment in 2012.

At the same time, we provide scholarship to the young students to have various opportunities for a higher quality education. In 2012, a total of 236 students were awarded scholarship and 24 out of the 236 students finished the master’s course in economics, law, petroleum and political science in the universities in Indonesia and overseas.

**[Indonesia] Organic Farming Training and Education**

We have been conducting education and training on organic farming aimed at farms located in the island regions where the Abadi LNG Project is conducted. Along with introducing a environmentally friendly farming method, this initiative also promotes a more visible role for farmers. This project is carried out in cooperation with an organization affiliated with the Bandung Institute of Technology and will continuously contribute to the development of regional development well into the future.

**[Indonesia] Planting Mangrove Trees**

In some part of the areas of the offshore Mahakam block in which INPEX participates together with TOTAL as operator, the cutting by the fishery industry of the mangrove forest to construct the fishpond resulted in an adverse influence on the ecosystem. In order to respond to this problem, we launched the “One Million Mangrove Planting” program in cooperation with a number of community groups and planted around 1,600,000 young mangrove trees during 2012.

Besides this planting activity, we also helped the community have a better knowledge and understanding in constructing the fishpond in an environment-considered manner. This activity sustains the ecosystem by recovering the mangrove forest and as a result we contribute to the economic development of the community through their fishery activity in the area.
**[East Timor] Dili Heliport Infrastructure Project**

Through the Bayu-Undan project, INPEX Group supports an infrastructure project to construct a heliport in Dili, the capital of the Timor-Leste, in conjunction with its government. Through this initiative, the heliport infrastructure project started in 2002 has been continuously expanded and upgraded over the last 10 years, contributing to the local economy by procurement of local goods and services and employment of local people.

**[East Timor] Supporting Construction of Greenhouse for Crop growing and Agricultural Training**

In the Bayu-Undan project, INPEX is working with the United States Agency for International Development (USAID) and partner companies to build greenhouses for crop farming and provide agricultural training to local residents.

In 2006, INPEX contributed approximately US$800,000 towards the construction of two large greenhouses for crop farming in the East Timor’s Aileu district, located in the suburbs of Dili, the capital city. We have also provided technical support to train local farmers in hydroponic growing methods for tomatoes and other vegetables. Farm products grown in these greenhouses is sold at supermarkets in Dili. In addition, since 2012 we are expanding the activity to involve a further 150 farmers with the introduction of the secondary program, using tunnels in lieu of greenhouses.

We hope this initiative will provide local farmers with a stable income and improve agricultural productivity.

**[East Timor] Support for Provision of Scholarships to Graduate Students**

In the Bayu-Undan project, INPEX Group is participating with the joint venture partners in Fulbright Scholarship Program for post-graduate students in Oil and Gas or Natural Resources. From 2012, this program is commencing and organized by Ministry of Natural Resources, Minerals and Energy Policies of East Timor and the embassy of United States of America in East Timor and now total 12 students are studying Engineering Management, Geology Management and Natural Resource Economics in universities of the United States.

We hope this initiative will provide higher quality of education and contribute to further development in Oil and Gas sector.

**[Malaysia] Acceptance of Technical Trainees for OJT Programs**

In the offshore Sabah project in Malaysia, we offer the opportunities of technical trainings for young petroleum geoscientists and engineers of PETRONAS, regulatory and supervisory authority on oil and gas sector in Malaysia, as OJT (ON THE JOB TRAINING) at our Kuala Lumpur office.

In 2012, we received a junior geologist of PETRONAS for 3 months and provided trainings of geological and geophysical data interpretation and reserves estimation, under the guidance of our technical experts.

These technical personnel exchanges contribute to cultivation of the younger technical staffs through building the cooperative relationship between both companies.
**Support for the Larrakia Trade Training Centre**

In 2010, the Ichthys LNG Project donated A$3 million towards construction of the Larrakia Trade Training Centre which provides training and facilitates employment opportunities for young people in Darwin. The Centre was officially opened in April 2011 and to date, more than 450 people have been trained in various fields such as construction, mechanics or electrical engineering.

![Training at the Larrakia Trade Training Centre](image)

**Sponsorship of Kimberley Art Prize**

The INPEX Group has been sponsoring the Kimberley Art Prize since 2010. Held annually in July, the Kimberley Art Prize showcases the exceptional art and the talent of the local communities in the Kimberley region of Western Australia. INPEX sponsored the “Young Person” and “Photography” awards categories in 2012.

![Kimberley Art Prize exhibition 2012](image)

**Sponsorship of Australian Football Club**

The INPEX Group sponsors NT Thunder, a local Australian Rules Football team in the Northern Territory which inspires young Territorians to participate in sport.

With almost 80 percent of the team players local and more than 50 percent Indigenous, there are 51 players who come from all around the Northern Territory to play for the team.

In supporting the NT Thunder the INPEX Group is contributing to the development of the pathway for the local and the remote youth to access the opportunities for training, leadership and improved wellbeing.
The Ichthys LNG Project has continued to support education in the Northern Territory with its A$3 million donation towards the establishment of the Charles Darwin University North Australian Centre for Oil and Gas.

Providing oil and gas training and education to school leavers, engineers and apprentices and pathways into the growing energy sector in the Northern Territory, the Centre was officially opened in 2012.

The Ichthys LNG Project has sponsored the NT Training Awards, held by the Northern Territory Department of Education and Training in Australia since 2010. These awards are presented to the Northern Territory businesses, the training facilities, the trade schools and the students who have achieved outstanding performances in aspect of the vocational trainings. The Ichthys LNG Project was the sole sponsor of the Training Initiative Award in 2012.

The Ichthys LNG Project sponsored the 5th Indigenous Economic Development Forum 2011 held during Business Month in Darwin. By introducing the products and the services offered by the indigenous business operators to a wide audience, the forum aimed to support the community’s development and provide opportunities to establish a customer base and build partnerships.

INPEX Group promotes fundraising activities initiated and carried out by the employees. In Australia, INPEX Perth office held the Morning Tea Events, where the employees brought homemade pies and cakes to fundraise for local charities.

INPEX Group matched the funds raised by INPEX Perth personnel and donated them to Cancer Council Australia in 2012.
[ Australia ] Support for Kimberley Rock Art Research

The INPEX Group is committed to understanding and preserving the Aboriginal and Torres Strait Islander cultural heritage and donated A$ 500,000 to Kimberley Foundation Australia towards its Rock Art Research program.

Through the program, archaeologists will work with the Traditional Owners to record the arts in rock art sites of Western Australia and preserve it for future generations. The program will also provide the training and the skills development for the Traditional Owners as the field assistants to enhance their future employment opportunities.

[ Australia ] Participation in Australia Day Fun Run Walk

The INPEX Group sponsored the Australia Day Fun Run held in Darwin.

Since 2009, the INPEX Group has been supporting this annual event to celebrate Australia Day. A highlight on the Darwin community calendar, in 2012 more than 5,000 locals participated in this event, including the INPEX Group employees from Darwin and Perth Offices.

[ Australia ] Sponsorship of the Darwin Harbour Clean Up Day

The Ichthys LNG Project sponsored the Darwin Harbour Clean Up Day which brought together a diverse range of stakeholders to remove rubbish from the Darwin Harbour, its mangroves and surrounding coastline. Around 120 volunteers and workers collected an estimated four tonnes of rubbish from the Harbour’s coastlines and waters.

[ Australia ] Sponsorship of Starlight Children’s Foundation Charity Ball

The Starlight Children’s Foundation aims to transform the hospital and treatment experience of seriously ill children and their families by providing ‘distractive’ therapy programs.

In 2012 the INPEX Group sponsored the Charity Ball for the Starlight Children’s Foundation and also donated a shovel from the Ichthys Project Ground Breaking Ceremony which helped to raise an additional A$33,000 for the Foundation.
**Conducted Australian Volunteer Coast Guard NT**

In 2012, the Ichthys LNG Project sponsored the Australian Volunteer Coast Guard in the Northern Territory. With the continuing growth in recreational and commercial activities on Northern Territory waters, the organization’s prime objective is to promote safety on the water through education and providing a search and rescue capability. All its members are volunteers.

**Sponsorship of STELR Project**

Education in the Northern Territory has been given a boost with the Ichthys LNG project's sponsorship of a science learning program targeting high school students.

The Science Technology Engineering Leveraging Relevance (STELR) Project aims to promote science and mathematics subjects at the upper secondary school level by relating these subjects to highly relevant issues for students such as themes of global warming and renewable energy. This contribution provided three schools in the Northern Territory the opportunity to participate in the STELR Project.

**Support Project for Agriculture in Local Communities**

In the Azeri–Chirag–Guneshli (ACG) and Baku-Tbilisi-Ceyhan pipeline project, INPEX Group is supporting a program organized by NGOs and a universities in Azerbaijan to support agriculture there. We have spent a total of about one million dollars for provision of greenhouses, bees, beehives, and related equipment, and are also offering education and training to farmers.

**Sponsoring EBRD Microfinance Initiatives**

The INPEX Group has pledged to sponsor the ACG Project and Baku-Tbilisi-Ceyhan (BTC) Pipeline Project by providing microfinance and technological development assistance to Azerbaijan and Georgia over a 10 year period from 2006 to 2016 through the European Bank for Reconstruction and Development (EBRD). In fiscal 2011, we provided US$160,000 in funding. Since 2007, we have supported 270,000 local small business owners, creating 14,000 jobs.
[ D.R. Congo ] Muanda City Electrification Project

In 2011 companies participating in the project, including the INPEX Group, donated a total of US$250,000 to install natural gas equipment at a facility in Muanda City, and connected it to a local power plant through 4 kilometers of cable.

[ D.R. Congo ] Muanda City Contribution Initiatives

In fiscal 2012, INPEX engaged in the following activities for contribution to community development in the city of Muanda in the Democratic Republic of the Congo, in the fields of health and medical care, education, and infrastructural conditioning.

<table>
<thead>
<tr>
<th>Health and medical care</th>
<th>Purchase medical apparatus for a maternity clinic in the city and dentistry apparatus for Muanda Hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>Supply educational facilities for school, aid for schooling costs at an orphanage, support for scholarships, and purchase electrical equipment for a scientific laboratory</td>
</tr>
<tr>
<td>Infrastructural conditioning</td>
<td>Digging of wells for water and supply of electrical power, water, and bedding in an orphanage</td>
</tr>
</tbody>
</table>

[ Angola ] Cabinda Region Contribution Initiatives

In the Massabi district of the Cabinda region of Angola, we have made outlays of funds for construction of medical centers and residence for nurses, and their outfitting with medical apparatus, pharmaceuticals, furniture, and other items. We have also enabled the medical center to get an ambulance and are promoting other activities for contribution to the local community.
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. It therefore serves as a bridge of cultural exchange between the UAE and Japan. Through it, we are striving to deepen understanding of Japan in Abu Dhabi even further.

Japan Oil Development Co., Ltd., an INPEX Group company, is working with Abu Dhabi National Oil Company (ADNOC) to develop an oil field off the coast of Abu Dhabi in the United Arab Emirates (UAE). While rapidly developing itself as one of the world’s largest oil producers, the UAE has been working ambitiously to raise its level of education, one of the cornerstones of development. Responding to a request from the Abu Dhabi Supreme Petroleum Council (SPC), Japan Oil Development Company, together with BP, Shell, and Total, has been participating in the administration of The Petroleum Institute in Abu Dhabi—an engineering school financed and governed by ADNOC—since the school’s establishment in 2001 to help maintain and strengthen friendly relations with Abu Dhabi.

Japan Oil Development Company, an oil company based in a country well recognized for its advanced technical capabilities, was eagerly requested to support the school not only financially but also with regard to technical training. After numerous discussions, Japan Oil Development Company and The Petroleum Institute decided to offer an engineering course on remote sensing,* a technology useful for environmental monitoring operations. Since 2008, the course has been held every winter as an intensive class which is worth full credit hours in the university, and marked its sixth year in 2013.

Given the course’s intensive two-week schedule, students have to study hard to keep up with the lecture material. However, as they alternate between lectures that carefully explain the basic principles of remote sensing and computer exercises using actual satellite image processing software, students become increasingly captivated by the rich detail and beauty of broad satellite images seen from space, and by the end of the course are passionately engaged in their studies.

Japan Oil Development also took care when developing the course text to make remote sensing more accessible to the students, by actively incorporating case studies relevant to their local area, such as environmental monitoring of mangrove vegetation in local Abu Dhabi. Particularly exciting for the students was the story that a 2,000-year-old oasis town that is even mentioned in the Koran, was discovered in the middle of an open desert on the Arabian Peninsula using remote sensing.

Rated highly by the school for its engaging lecture style and text-based learning, the course now offers two credit hours, one credit hour more than when it was first offered. While the course was available only to male students for its first three years since 2008, in response to a request from the school, the company also opened up the biennial class to both male and female students in 2011.

* Remote sensing: a technology that uses computer software to process digital satellite imagery
Support for the Enrollment of UAE Children in the Japanese School in Abu Dhabi

In response to a request from Sheikh Muhammad of Abu Dhabi, the Japanese School in Abu Dhabi (including kindergarten), with assistance from the Japanese government, has been accepting two children of UAE citizenship annually since September 2006. As of April 2013, there were 16 local children attending the school.

Our local employees take part in the administration of the school as members of the school's administrative board. And in Japan, working with other Japanese companies operating in Abu Dhabi, we have established a non-profit organization to support the program, which sends early childhood education specialists and elementary school teachers to the school.

We look forward to the day when these children grow up to become ambassadors between Japan and the UAE.

Inviting Students from the UAE to Japan for Training

Since 1993, we have invited students from the UAE studying oil development engineering to train in Japan. More than 120 students have been invited to take part in the course, which spans approximately three weeks and includes cultural exchange as well as hands-on, participatory technical seminars. In fiscal 2012, the 20th time the program has been held, we hosted an all-female delegation for the first time due to the wishes of our UAE partners. The training program produces talented graduates who support petroleum engineering fields in the UAE.

Scholarships for Exchange Students from Simon Bolivar University

Simon Bolivar University (UBS) is one of Venezuela's national universities and is located in the city of Caracas. Established in 1967, UBS has four colleges, 11 research institutes, and one research center focused on natural sciences, social sciences, and other fields, and boasts the highest reputation in engineering fields in Venezuela.

There is also a strong enthusiasm for the Japanese language at UBS, with many students studying Japanese to indulge their interest in Japan or as part of their international or cross-cultural education. The number of students looking to study abroad in Japan is also growing. The INPEX Group provides financial assistance to students from UBS who study abroad at a university in Japan, paying for their tuition and part of their living expenses in Japan. By helping talented Venezuelan students receive a high-quality Japanese education and spread Japanese culture back home, these scholarships foster a more friendly relationship and closer cultural exchange between the two countries. In fiscal 2012, we financially assisted one student in engineering field to study at Nagaoka University of Technology and Tohoku University. The number of graduated scholarship recipients who take up jobs at Japanese companies—INPEX Group companies included—is also growing.
[Venezuela] Zazarida Port Dredging

The INPEX Group has been conducting exploration operations in Venezuela’s Falcon State since 2006. In recent years, sand has accumulated in Zazarida Port (which serves as the region’s main fishing port), and boats have faced growing limitations for moving in and out of the port, making locals eager to have the port dredged. We began an operation to dredge the port in May 2010, and although we were forced to revise our original plans as the volume of sand was greater than expected, the project was successfully completed in June 2012.

![Before dredging](image1.png) ![After dredging](image2.png)

[Suriname] Support for Medical Services in the City of Paramaribo

Since 2007, INPEX has been participating in an exploration project in the sea off the coast of the Republic of Suriname. To make a positive contribution to society in Suriname, we provided assistance for the upgrading of equipment in the intensive care unit of a hospital in Paramaribo, the capital city.

For further contribution to Suriname society, we intend to continue considering provision of financial aid for projects to construct education-related facilities and schools.
I. Scope

1. Procurement activities are activities related to contracts for purchasing (purchases, and services and construction using materials and equipment), borrowing (renting and leasing of materials), and other related activities.

2. These guidelines apply to all employees engaged in procurement activities in the logistics division.

II. Basic Guidelines for Procurement Activities

1. Ensure transparency and realize fair and open procurement activities

2. Strive to create a symbiotic relationship with suppliers based on mutual trust and equal standing

3. Comply with and implement applicable laws and the INPEX Corporate Social Responsibility Policy

4. Conduct procurement activities with consideration of their effects on resource protection and environmental conservation
INPEX has as a key corporate principle a commitment to contribute to the development of host countries and communities. For example, we strive to utilize local companies as much as possible and we encourage suppliers to use local companies during procurement.

In Australia, an Australian Industry Participation Policy is in place to provide full, fair and reasonable opportunity for Australian industry. For example, the Ichthys LNG Project has agreed to an industry participation plan (IPP) to support Australian companies and maximize their participation in Project related activities. Companies owned by Aboriginal people and companies based in the Northern Territory and wider Australia will have full, fair and reasonable opportunity to compete for work on the Project. Local participation will be maximized where competitively possible, based on health, safety and environment, schedule, quality and cost factors.

It is estimated that approximately 34 per cent of the value of contracts awarded during 2012 will go to Australian business and be realized during the Project phase. This includes 127 Northern Territory-based companies who were successful in winning more than A$1 billion of work from major first tier subcontractors. Additionally, an Aboriginal Business Engagement Strategy is currently being implemented which is aimed at identifying and including Aboriginal businesses directly into the Project’s supply chain. It incorporates supplier forums and business capability and capacity surveys and meets the terms of the Industry Participation Plan with the Northern Territory Government.

Basic Policy for Selecting Contractors

When selecting contractors, we not only consider candidate companies’ technical capability, quality and reliability, but also include health, safety and the environment and CSR among our evaluation criteria.

In overseas projects as well as those in Japan, when selecting contractors, we not only confirm their observance of laws and regulations in the host country but also check to see if they are not involved in child labor or forced labor. If necessary, we require avoidance of such practices in the contract and monitor the situation for observance of this requirement.
**Basic Policy**

The INPEX Group strives to deliver products that are safe and stable during their supply and usage, while complying with applicable laws and regulations and the INPEX Corporate Social Responsibility Policy as well as providing all necessary information.

We provide customers with timely information on safe usage of our products as well as regular quality measurement data. We also conduct regular disaster response drills and create flexible cooperative systems with other product suppliers to ensure continued stable supply in the event of an emergency.

*1 Setup for mutual natural gas interchange in times of emergency: In the wake of the Great East Japan Earthquake, which occurred in 2011, needs for assurance of energy security rapidly rose among customers and in society as a whole. In response to these needs, we joined with Tokyo Gas Co., Ltd. and Shizuoka Gas Co., Ltd. in organizing a setup for mutual interchange of natural gas. Under this setup, the three companies will supply each other with natural gas through the pipelines already linking them in the event of disruption of the supply of natural gas from any one of them due to occurrence of natural disasters or other major accidents at their LNG terminals, pipelines, or other gas supply facilities. [Agreement on Reciprocal Backup Supply of Natural Gas in Emergency (PDF 255KB)]

**Quality Control of Oil and Natural Gas Products**

The INPEX Group performs severity checks at each stage of production, transportation, and supply, based on product and safety standards in conformance with related laws and regulations.

In oil terminals as the centers of oil product operations, we have constructed a setup for safety management to assure the safety of the products shipped from them. Besides observing all pertinent laws and regulations, we have incorporated rigorous measures for control of the concentration of trace amounts of sulfur, mercury, and other such constituents, and for prevention of leaks, admixture, and other accidents.

We have made similar arrangements to assure the safety of the natural gas we supply. In addition to observing related laws and regulations, we have built a safety management setup incorporating measures for rigorous control of trace amounts of benzene, mercury, and other such constituents, and for prevention of leaks and other accidents. Furthermore, in order to ensure safe handling of products we issue Material Safety Data Sheet (MSDS*2) to provide information on product hazards, constituents, and appropriate handling.

In the future we will respond swiftly to changes in quality control standards, including additions to the list of specified chemical substances as well as changes to threshold values, and enhance systems for ensuring continued stable and safe product supply even in the event of a natural disaster.

*2 MSDS: A document that contains information needed for the safe handling of products that contain certain chemical substances

**Management During Transportation**

Safe transportation of products is a part of quality control in the INPEX Group. To ensure safety during transportation, we have created an accident prevention manual to raise awareness among employees involved in the transportation process. This manual is updated as necessary.

We have also established an emergency contact and response system with customers for transportation of natural gas, and are working with other producer companies to establish a supply sharing system to ensure a stable supply of gas even in the event of an emergency.

Regarding transportation of oil products, in order to ensure safe loading and unloading we participate proactively in conferences and seminars held by companies operating product loading terminals and consumer sites where the products are unloaded to share information on safety during transportation and accumulate knowledge on safe delivery measures.
## Safety Evaluation During the Product Life Cycle

<table>
<thead>
<tr>
<th></th>
<th>Natural gas</th>
<th>Oil</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Production</strong></td>
<td>Reduce concentrations of mercury and benzene</td>
<td>—</td>
</tr>
<tr>
<td><strong>Storage</strong></td>
<td>—</td>
<td>Control quality of stored products</td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td>Regular patrolling and disaster-related drills</td>
<td>Create and update accident prevention manual, Cargo Safety Committee, etc.</td>
</tr>
<tr>
<td><strong>Supply</strong></td>
<td>Establish and improve gas supply sharing system</td>
<td>Analyze sampling of shipped products</td>
</tr>
<tr>
<td><strong>Usage</strong></td>
<td>Raise awareness of safe handling through MSDS</td>
<td>Raise awareness of safe handling through MSDS</td>
</tr>
<tr>
<td></td>
<td>Raise awareness of safe use of odorless gases</td>
<td></td>
</tr>
</tbody>
</table>
### Human Resource Development and Utilization

#### Basic Policy

The INPEX Group is one of Japan’s leading enterprises engaged in development of oil and natural gas resources. In our aspiration to evolve into a globally active integrated energy company, we have posted three growth targets and three foundations in the form of the INPEX medium- and long-term vision. One of the foundations consists of the recruitment and development of human resources, and construction of an efficient organizational setup. To this end, we formulated the INPEX HR VISION, which encompasses personnel affairs in the entire Group and is comprised of four pictures. On the basis of these four pictures, we are promoting various personnel-related measures from a global perspective. We are striving to link the improvement of employee capabilities to higher results as a team, and to build an organization endowed with a high degree of international competitiveness.

#### INPEX HR VISION

1. **Talent Attraction and Engagement**  
   Make INPEX the best place to work “employer of choice”  
   - Job satisfaction and opportunity for growth – challenging/rewarding jobs and career opportunities  
   - Competitive reward programs – “Total Reward” – salary, benefits, career development, organizational culture and workplace environment

2. **Focus on People Development**  
   Future Leaders and global workforce capability  
   - Recognize and invest in future leaders  
   - Proper talent management cycle – performance management and stretch assignment  
   - Provide employees with access to development programs (Training/Coaching/Mentoring/Cross-border trainee)

3. **Organization Effectiveness**  
   Maximize organizational performance through HR management processes  
   - Workforce planning and organization review (performance, succession planning)  
   - The right people at the right time, right place – staffing, internal posting and global mobility

4. **HR Excellence**  
   Support business strategy with world-class functional expertise  
   - Effective, reliable and innovation HR processes & system  
   - Develop HR professionals  
   - Collaborate globally and share best practices

#### Human Resource Development

We hold training to build the all-round skills of our employees, so that they can continue to contribute to the company’s business over a long-term career.

We provide a range of level-based employee training and development programs based on the personnel requirements, anticipated future role, and required capabilities of each employee categorization, including global administrative staff, global engineering staff, and area staff members.

We also provide a range of programs to rapidly develop employees who can thrive in an international business environment, including overseas language study, training at overseas sites, and study at specialist overseas training facilities.

In addition to the general orientation and training for new recruits, we also operate a mentoring system for them. A senior employee is assigned to each new hire to help him/her adjust to work and life at the company, and to provide moral support during his/her first year. We have also begun taking approaches to measures such as a human resource development program encompassing the entire Group, inclusive of overseas locations, with a view to future instatement.
### List of Major Training Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Overview</th>
<th>Participants FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level tailored training</td>
<td>Training for employees at milestones in their career— from joining the company to being promoted or moved to a new position—to help them gain an understanding and awareness of their new role and acquire necessary skills</td>
<td>281</td>
</tr>
<tr>
<td>Language training</td>
<td>Training at overseas language school in the UK and other countries for young employees to improve their international communication skills</td>
<td>16</td>
</tr>
<tr>
<td>HSE training</td>
<td>Training for acquisition of basic knowledge about HSE and improvement of operational experience through OJT</td>
<td>97</td>
</tr>
<tr>
<td>Business skill training</td>
<td>In-house training to improve financial knowledge, logical thinking skills, and legal knowledge</td>
<td>138</td>
</tr>
<tr>
<td>OJT</td>
<td>Training for younger employees, to enhance operational skills through practical training in domestic and foreign offices and on-site locations inside and outside the company</td>
<td>49</td>
</tr>
<tr>
<td>Overseas office training</td>
<td>Practical training for young clerical workers at overseas offices to acquire knowledge of overseas business practices and to prepare for future overseas postings</td>
<td>17</td>
</tr>
<tr>
<td>Overseas specialized training</td>
<td>Training at an overseas specialized institution for young employees to acquire expert knowledge of oil E&amp;P business</td>
<td>107</td>
</tr>
<tr>
<td>Overseas study</td>
<td>Training at an overseas postgraduate institution for young employees to acquire advanced expert knowledge of oil E&amp;P business</td>
<td>4</td>
</tr>
</tbody>
</table>

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![Diagram of Human Resource Development](image-url)
Scheme for Proper Human Resource Evaluation

We strive to establish an employee evaluation system that fairly evaluates and rewards our employees for their achievements and demonstrations of capabilities, and to operate it in an equitable manner.

These evaluations are not merely one-way assessments of employees by their managers—they also include tools such as an Action Reflection Sheet and a Goals Challenge Sheet that our employees can use to complete a self-evaluation while reflecting on their performance. Employees are given opportunities to discuss their achievements at work with their managers in face-to-face meetings. This is to assess the gap between the self-evaluation and the superior’s evaluation. The system is designed so that improvements can be made to each type of evaluation, thereby contributing to human resource development and boosting the credibility of the evaluation.

To see that these arrangements take root, we have instated a program of practical training for evaluators in the context of layer-specific training, for personnel involved in line management (management of personnel and organizations). We provide this training on a continuous basis, and are working for proper operation of our scheme for personnel evaluation.

We also employ a self-report system under which our employees can submit requests for new assignments and transfers once a year. Although we cannot accommodate all requests, this gives the company a better understanding of the extent to which employees think they are fit for their current assignments and what career paths they wish to pursue—both of which are helpful for the company in developing plans for recruiting and allocating human resources. In particular, in cases such as those where an employee needs to care for a family member, the Human Resources Division operates an effective system in which it offers positions to suit these needs to employees who request such consideration during divisional transfers.

To make these systems an established part of the entire INPEX Group, we regularly provide line managers (i.e., personnel in charge of human resources and discrete organizational units) with practical training for conducting evaluations as part of level tailored training in order to operate the employee evaluation system fairly. It should be noted that we apply this scheme equally to all personnel, without regard to gender, age, job category, or rank.

Promoting Diversity

Diversity Management

We hire talented employees regardless of views, culture, nationality, belief, race, gender, or age. Our policy is to appoint and compensate the best person for the position, and there is no difference in the basic salary of male and female employees.

We hire and train employees we need regardless of nationality. Highly specialized global staff members work across the INPEX Group.

Additionally, because our large-scale overseas projects are now approaching their full-scale development and production phases, with expectation for long-term operations we directly recruit local employees who will play an integral part in running our overseas offices in line with local laws and with a transparent hiring process. We are working to maintain competitive hiring criteria, and offer fair compensation in order to maintain a strong work ethic among local employees and improve our employee retention rate. In fiscal 2012, foreign nationals employed in the whole INPEX Group numbered 779, or 31.7 percent of the total number of employees. Of these 779, 108 occupied senior management positions (93 men and 15 women). We will continue to actively practice diversity management.

Employment Opportunities for Physically Challenged

We have been proactive in hiring the physically challenged while giving consideration to varying working conditions and responsibilities. As of the end of fiscal 2012 (March 31, 2013), we employed 35 physically challenged employees, 2.13% of the total workforce. We will continue to make efforts in the future to employ as many physically challenged people as feasible.
Rehiring Retirees

We have a rehiring contract system whereby we rehire employees who have reached the full retirement age of 60 to help them continue working while making use of their extensive experience and advanced abilities and skills. This system allows for the hire of retirees for positions that match the interests of both the company and the employee, with the option to renew the contract every year until the age of 65. We have hired over 90% of all applicants to this program. As of the end of fiscal 2012 (March 31, 2013), 50 of our employees are working under a retire-rehire contract.

Employee Statistics

### Number of Group Employees (As of March 31, 2012)

<table>
<thead>
<tr>
<th>By Region</th>
<th>Male</th>
<th>Managerial staff</th>
<th>Female</th>
<th>Managerial staff</th>
<th>Short-term employees*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>1,291</td>
<td>451</td>
<td>181</td>
<td>4</td>
<td>306</td>
<td>1,473</td>
</tr>
<tr>
<td>Asia and Oceania</td>
<td>591</td>
<td>184</td>
<td>208</td>
<td>15</td>
<td>859</td>
<td>799</td>
</tr>
<tr>
<td>Eurasia</td>
<td>9</td>
<td>5</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Middle East and Africa</td>
<td>51</td>
<td>22</td>
<td>6</td>
<td>0</td>
<td>13</td>
<td>57</td>
</tr>
<tr>
<td>North and Central America</td>
<td>13</td>
<td>8</td>
<td>3</td>
<td>0</td>
<td>2</td>
<td>16</td>
</tr>
<tr>
<td>South America</td>
<td>71</td>
<td>13</td>
<td>27</td>
<td>1</td>
<td>21</td>
<td>98</td>
</tr>
<tr>
<td>Number of employees</td>
<td>2,027</td>
<td>683</td>
<td>428</td>
<td>20</td>
<td>1,204</td>
<td>2,455</td>
</tr>
</tbody>
</table>

* Contract employees, fixed term employees, temporary employees, etc.
Number of Employees (As of March 31, 2012)

<table>
<thead>
<tr>
<th>Category</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>1,096</td>
<td>208</td>
<td>1,304</td>
</tr>
<tr>
<td>Average salary</td>
<td>929.2million yen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average age</td>
<td>39.3years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average length of service</td>
<td>15.6years</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FY20112 Hiring Data (Unconsolidated)

<table>
<thead>
<tr>
<th>Category</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>New graduate hires</td>
<td>43</td>
<td>10</td>
<td>53</td>
</tr>
<tr>
<td>Mid-career hires</td>
<td>22</td>
<td>5</td>
<td>27</td>
</tr>
</tbody>
</table>

FY2012 Staff Turnover Rate (Unconsolidated)

0.77%
* Excludes age-limit retirees and employees rehired as executives

FY20112 Number of Staff Turnovers (Unconsolidated)

<table>
<thead>
<tr>
<th>Category</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30 years</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>30–60 year</td>
<td>8</td>
<td>4</td>
<td>12</td>
</tr>
</tbody>
</table>

Promoting Work-Life Balance

Seeking to maintain working environments that cater to different lifestyles and enable employees to fully express their abilities, the INPEX Group is working to create workplaces that support versatile work styles and offer a healthy balance between work and home life. We also pay close attention to factors in the external environment, such as Japan’s declining birth rate and aging population in order to promote work-life balance.

Making the Most of Work Time

With overseas operator development projects beginning in earnest, employees have been extremely busy as the INPEX Group expands its business. To promote efficient use of working time by focusing on work when needed and taking time off during less busy periods, in April 2011 we launched a campaign that encourages employees to leave work before 6 p.m. at least four times a month, with flexibility allowed for each person’s work schedule. We also ran a campaign encouraging employees to take paid leave over summer with the objective of allowing staff to refresh and revitalize through consecutive days off. Maintaining a regular work schedule helps employees to rejuvenate themselves both mentally and physically, use their limited work time more effectively, and be more productive at work.

And as a measure to reduce overtime work, when employees are forced to extend their overtime hours beyond the predetermined limit we encourage managers and junior staff to not only review the latter’s workload but also discuss current conditions and challenges they are facing.

Support for child raising and nursing care

We proactively strive to create an environment conducive to employees who are raising children or involved in nursing care for their working and family life, and adopt a greater variety of support systems than those required by law, which are offered to all employees including contract workers. Furthermore, we prepared a general entrepreneur action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children, and are making efforts to assist the participation of employees, whether male or female, in child-raising by offering support allowing them to care for their children while keeping their jobs.
Along with the spread of these provisions, all employees who had taken leave for childbirth or child care came back to their jobs in fiscal 2012, as was the case in fiscal 2011. These employees have continued to stay on the job after their reinstatement.

In the case of nursing care, we have also introduced a short-time working system for employees to enable the provision of nursing care while remaining employed (without a suspension from work) as well as offering nursing-care leave of up to 365 days that can be taken per each family member.

**Family Care Support Systems (Unconsolidated)**

<table>
<thead>
<tr>
<th>System</th>
<th>Overview</th>
<th>Number of users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parental leave system</td>
<td>System to provide leave until a child reaches 18 months of age; 20% of salary is granted in addition to statutory childcare leave benefits</td>
<td>12 female employees, 2 male employees</td>
</tr>
<tr>
<td>Reduced working hours system for child rearing</td>
<td>Until a child is in the fourth grade, employees can: (1) Reduce their standard working hours (reduction of two hours) (2) Work on flex-time (3) Receive exemption from working overtime or on days off</td>
<td>17 female employees, 5 male employees</td>
</tr>
<tr>
<td>Child healthcare leave</td>
<td>System that allows employees to take special paid leave to care for sick children under elementary school age; employees receive up to five days for one child and up to 10 days for two or more children, and may take leave in half day units</td>
<td>17 female employees, 5 male employees</td>
</tr>
<tr>
<td>Assistance for nursery schools, day care centers, and babysitters</td>
<td>Employees who have children aged three and under are eligible to receive a partial subsidy for the startup fees and annual expenses for nursery schools, day care centers, and babysitters</td>
<td>15 female employees, 38 male employees (409 employees since program began)</td>
</tr>
<tr>
<td>Nursing care system</td>
<td>Employees can take up to 365 days of leave per family member while receiving 20% of their salary</td>
<td>1 female employee, 0 male employees</td>
</tr>
<tr>
<td>Reduced working hours for nursing care system</td>
<td>When not taking nursing care leave, employees can: (1) Reduce their standard working hours (reduction of two hours) (2) Work on flex-time (3) Receive exemptions from working overtime or on days off for up to one year during the nursing care period</td>
<td>1 female employee, 0 male employees</td>
</tr>
<tr>
<td>Special leave for family care</td>
<td>System that allows employees to take special paid leave to care for their sick or elderly family member in need of assistance; employees can receive up to five days for one family member and up to 10 days for two or more family members per year, and are allowed to take leave in half-day units</td>
<td>4 female employees, 4 male employees</td>
</tr>
</tbody>
</table>
Awarded Kurumin Mark

In August 2012, we have met certain standards based on the “Act on Advancement of Measures to Support Raising Next – Generation Children” and received a next generation certification logo (known as Kurumin). This mark is awarded to companies who have achieved the “General Entrepreneur Action Plan” which was established under the same act, and approved as entrepreneurs who have complied with the standards.

In the first phase (November 2009–March 2012), we set out to spread knowledge of the provisions related to childbirth and child rearing, and to prepare a workplace environment facilitating work by the employees. We posted four goals: 1) promotion of the taking of annual paid vacations; 2) notification of and information provision for internal provisions related to pregnancy, childbirth, and child rearing; 3) preparation of workplace environments facilitating the taking of leave for childcare with peace of mind and return to the job; and 4) attainment of the targeted rate for taking of childcare leave (also by male employees).

In the second phase (April 2012–March 2015), we made a partial revision of the aforementioned four goals and added a new one: support for the growth of children and youth through interchange with the community and other measures. We continue to take action to achieve these goals.

General Entrepreneur Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children (Phase 2)

| Planning phase |
|----------------|-------------------|
| April 2012–March 2015 |

<table>
<thead>
<tr>
<th>Outline</th>
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<table>
<thead>
<tr>
<th>Goal</th>
<th>Measure</th>
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<tbody>
<tr>
<td>1</td>
<td>Promotion of the taking of annual paid vacations and measures for reducing overtime work</td>
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<tr>
<td></td>
<td>• Continuation of a campaign for the taking of five consecutive days of paid vacation in summer</td>
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<td></td>
<td>• Further notification of all employees by means including posters prepared for a campaign encouraging employees to leave the office before 6:00 PM</td>
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<tr>
<td>2</td>
<td>Notification of and information provision for internal provisions related to pregnancy, childbirth, and child rearing</td>
</tr>
<tr>
<td></td>
<td>• Renotification of provisions through the company intranet</td>
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<tr>
<td>3</td>
<td>Preparation of workplace environments facilitating the taking of leave for childcare with peace of mind and return to the job</td>
</tr>
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<td></td>
<td>• Continued provision of advance explanations to allay apprehensions during childcare leave</td>
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<td></td>
<td>• Continuous distribution of the e-mail magazine to employees taking childcare leave</td>
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<tr>
<td>4</td>
<td>Attainment of the targeted rate for taking of childcare leave (also by male employees)</td>
</tr>
<tr>
<td></td>
<td>• Targeting of leave-taking by at least two male employees and at least 80 percent of the female employees during the term</td>
</tr>
<tr>
<td>5</td>
<td>Support for the growth of children and youth through interchange with the community and other measures</td>
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<tr>
<td></td>
<td>• Acceptance of youth for internship programs</td>
</tr>
<tr>
<td></td>
<td>• Holding of business-site tours for local students (of junior and senior high schools, technical colleges, and universities)</td>
</tr>
<tr>
<td></td>
<td>• Staging of events for local children</td>
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<tr>
<td></td>
<td>• Cooperation with publication of educational comic books for elementary school students</td>
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</table>
We strive to maintain and promote sound relationships between our management and employees based on a foundation of mutual trust and cooperation and a common goal of furthering the company. To maintain a healthy relationship, our management meets regularly with employee representatives to exchange views and ideas on a broad range of issues that include challenges we are facing and our business outlook.

Although we take care to set an appropriate advance notification period in the case of matters that would cause a significant alteration in the duties of employees, there are currently no such matters under discussion. We do not infringe on employees’ freedom of association, including at our sites outside Japan.

As of March 31, 2013, the INPEX Labor Union has 1,034 employees, comprising 69.9% of the total regular employee base.
Health Management

Basic Policy

The INPEX Group considers health maintenance and promoting better health among our global employees to be critical to the execution of our business activities. We adopt various approaches to ensure that our employees are physically and mentally healthy.

Each of our Operational Organizations has an occupational physician, and organizations above a certain size have a resident occupational health nurse. These staff work to maintain and improve the health of our employees by offering advice in response to health check results, providing counseling on overwork-related issues, participating in the Health Committee, centrally managing and analyzing the health check results through a database, and periodically distributing health-related information.

In addition, we have established employee health regulations based on the Japanese Industrial Safety and Health Law, and every April the Health Committee determines the company’s specific health initiatives for the coming year.

Even if employees experience health problems that cause them to be unable to perform their duties, they may take a leave period of up to 3.5 years, providing them the time necessary to fully recover before returning to work.

Measures to Improve Health Maintenance

In addition to the periodic physical examinations required by law, we provide checkups for lifestyle diseases for employees aged 30 or over and assist receipt of complete physical examinations by those aged 35 or over. Our reservation system likewise allows employees to choose their checkup or examination date, the medical institution, and optional tests in accordance with their own circumstances.

Moreover, we provide employees with assistance for flu vaccinations, and try to prevent transmission by offering all employees the opportunity to get vaccinated at work.

For our employees working overseas, in addition to services in health consultation by an occupational nurse, we provide physical examinations by partner medical institutions versed in health management for persons from other countries and preventive vaccinations for the particular host country or region. We have also instated services in health consultation by professional institutions through the Internet, information on medical institutions, and Japanese-language telephone counseling services. In addition, we have made it a rule to allow Japanese employees posted overseas to take a leave for a stay of at least ten days a year in Japan, in order to receive a physical examination and hear the results. In the event of an emergency, a contracted emergency medical service company will arrange for our overseas employees to receive medical treatment, be transported, and brought back home.

The following are the rates for receipt of physical examinations and checkups by employees in each of the last three years.

- FY2012: 98%
- FY2011: 98.4%
- FY2010: 97.5%

Mental Health Initiatives

We have introduced a self-service stress test that allows all employees including those in overseas offices to gauge their stress levels whenever they feel concerned. Once a year we hold a mental health awareness month during which we encourage all employees to check their stress levels. The results of tests are analyzed for each organization to check whether further action is needed. Our health staff swiftly provides extra care to employees diagnosed with high levels of stress as part of our efforts to detect and treat stress in its early stages.

In other efforts to provide better consultation services, we introduced an employee assistance program (EAP) through which employees and their family members, whether they are in Japan or overseas, can take advantage of twenty-four hour counseling service that uses outside professional counselors. The program has also provided mental health counseling for employees who return from areas of conflict.
From 2010 we have conducted programs to support employees in their return to work after a mental health leave. Given the particular importance of close communication between the employee's supervisor and primary physician, health staff, and human resources staff during and after rehabilitation, we created a manual that prescribes what each party should do at each stage in the process.

### Mental Care System

#### Stages of mental care

<table>
<thead>
<tr>
<th>Entity responsible for care</th>
<th>Prevention (1st prevention stage)</th>
<th>Early detection and treatment (2nd prevention stage)</th>
<th>Leave and return to work (3rd prevention stage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>Online diagnosis</td>
<td></td>
<td>Leave -&gt; Return to work</td>
</tr>
<tr>
<td></td>
<td>• Stress check</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Self-learning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line managers</td>
<td>Daily care by line managers</td>
<td>Pleasant work environment</td>
<td>Start of leave</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Early detection and treatment</td>
<td>Care during leave</td>
</tr>
<tr>
<td>Occupational health staff</td>
<td>Online organizational diagnosis</td>
<td>Early detection and treatment</td>
<td>Training for return to work</td>
</tr>
<tr>
<td></td>
<td>Meeting with occupational physicians and nurses (Employees with high stress levels/long working hours) Feedback to line</td>
<td>Decision on whether to return to work</td>
<td>Planning for return to work</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Post-return follow up</td>
</tr>
</tbody>
</table>

Conducted with support from primary physician, occupational physician, line managers, occupational nurse, HR staff.
Appropriate Information Disclosure

Basic Policy

Our Corporate Social Responsibility Policy dictates that we communicate promptly and openly with shareholders, suppliers, business partners, and other stakeholders. Based on this policy, we disclose corporate information in a timely, appropriate, and fair manner through investor relations activities, the company website, and public relations outreach. Doing so ensures the transparency of management, and we constantly strive to improve on these initiatives.

Regarding our internal frameworks we have named the head of the Corporate Strategy & Planning Division as the official in charge of information disclosure and established the Corporate Communications Unit as a body devoted to information disclosure. Regarding procedures for disclosure, the Rules for Corporate Information Disclosure stipulate processes for Group-wide collection, management, communication, and disclosure of information, and we strive to increase awareness of these rules in an effort to prevent disclosure leaks and insider trading.

Major IR Activities in FY2012

In fiscal 2012, we held two briefing sessions to present our financial results to analysts and institutional investors as well as project site tours in Japan and other countries, and about 400 investor relations (IR) meetings inside and outside Japan. As for IR activities for individual investors, we had booths at IR exhibitions and staged information sessions that attracted more than 700 individual investors.

To make our shareholders’ meetings as open as possible, since our founding we have issued notices and documents related to the meetings (some with English versions) on our website, screened videos of presentation materials before the meeting, reported on our activities using slideshows, sent out notices as early as possible, and avoided holding meetings on days when other shareholders’ meetings are held.

We also have regularly conducted a CSR incentive questionnaire in which the number of responses from shareholders determines how much we donate to a nature conservation group. In fiscal 2012, we donated 127,350 yen to the Keidanren Nature Conservation Fund, and 340,950 yen to the Great East Japan Earthquake Recovery Fund run by the Japanese Red Cross Society. We use the opinions received in the questionnaires to help improve our shareholder communication activities.

We are committed to continued engagement in proactive communication with our shareholders and investors, both in Japan and overseas.

Shareholding by Shareholder Type

- **Treasury stock 0.1%**
  - Shareholders: 1
  - Shares: 4,516

- **Individuals and others 3.2%**
  - Shareholders: 39,331
  - Shares: 115,661

- **Foreign corporations and other 41.8%**
  - Shareholders: 653
  - Shares: 1,529,980

- **Financial institutions (including trust accounts) 15.3%**
  - Shareholders: 113
  - Shares: 509,217

- **Securities companies 1.0%**
  - Shareholders: 60
  - Shares: 34,534

- **Other domestic corporations 19.7%**
  - Shareholders: 451
  - Shares: 719,794

- **Minister of Economy, Trade and Industry**
  - Shareholders: 1
  - Shares: 693,307

*1 Shareholding ratios are for all issued and outstanding shares (common shares)
*2 Excludes one special class share
Disclosure Related to Funding Transparency

The Extractive Industries Transparency Initiative (EITI) is an international initiative to prevent corruption and bribery, and promote resource development that leads to sustainable growth and the elimination of poverty. The EITI accomplishes this by increasing the transparency of payments made to the governments of resource producing countries by extractive industries, including oil, natural gas and mining. To support this movement, we began to participate in the EITI as a supporting firm in October 2012. 39 countries participate in the EITI as of June 2013. We disclose data regarding payments made in countries in which we operate, including Azerbaijan, Kazakhstan, East Timor, D.R. Congo, and Indonesia.

Communication Tools

The INPEX Group provides reports on its business and initiatives to various stakeholders through a range of communication tools utilizing the media capabilities of our publications and websites. We hope you will take a further look.

Sustainability Report

In the fiscal 2013 edition, we organized the report around the five key CSR issues announced in 2012 in order to make our progress over the year more clear, and strove for both easy reading and immediate understanding. In pursuit of the former, we profiled the CSR performed through our business activities in terms of the involvement with our stakeholders in various parts of the business process. For the latter, we presented data for approaches in the entire company in a manner that made the degree of achievement on each key issue clear.

Annual Report

The INPEX Group’s Annual Report 2013 provides a general outline of the Group’s management, including the current business environment and an overview of projects on which we are currently focusing.

Factbook

A summary of data related to the Group’s financial results and key management indices.

INPEX Medium- to Long-Term Vision

Outlines the Group’s growth objectives and the key initiatives we are taking to reach them.