

Sustainability Report 2013



Our mission to Contribute for Sustainable Society



Our mission is to contribute to the creation of affluent societies by realizing a stable and efficient supply of energy

We, at INPEX CORPORATION, strongly realize our corporate social responsibility as well as mounting expectations from various stakeholders and society in Japan and abroad, as we continue to grow through our business operations. In the Medium- to Long-Term Vision of INPEX, which we formulated in 2012, we positioned CSR as a foundation of management in announcing our vision. Changes brought about by articulating our policy are steadily being manifested. They have led to the deeper awareness of CSR in the mind of each employee.

The INPEX Group's vision is to remain an essential company for the society. In order to realize our vision, we would like to promote corporate management toward the creation of a sustainable society through our business operations.

Company Overview

Company Name: INPEX CORPORATION
Established: April 3, 2006
Capital: 290,809,835,000 yen
Headquarters: Akasaka Biz Tower 31st to 34th, 36th, 38th floors,
5-3-1 Akasaka, Minato-ku, Tokyo, JAPAN 107-6332
Phone: +81-3-5572-0200
Fiscal Year End: March 31
Number of Employees: 2,455 (Consolidated) as of March 31, 2013
Main Businesses: Research, exploration, development, production and
sales of oil, natural gas and other mineral resources; other related businesses; and investment and
lending to companies engaged in these activities

Editorial Policy

The INPEX Group publishes its Sustainability Report annually to keep its stakeholders informed of its CSR initiatives and activities.

The 2013 edition of this report is based on "five key CSR issues" stated in the 2012 edition and is intended to combine ease of reading and surveyability of content, in order to communicate our progress in the past year to readers in a way easy to understand. Ease of reading is to be achieved by portraying "CSR through our business operations" by describing interactions with our stakeholders in a variety of business processes, and surveyability is to be achieved by showing company-wide efforts by the degree of achievement in each key issue.

In addition, we intend to improve the content of the report by transitioning the report of the current year's performance mainly to our website.



From the Sustainability Report 2013 Editing Team, Research & CSR Group, Corporate Strategy & Planning Unit

We report both our business operations and a variety of our CSR initiatives in the areas of operation to as many people as possible. We will create a report which provides a better understanding on INPEX while keeping dialogues with various stakeholders.

Regarding the Cover Page

The INPEX Group pays proper consideration to the society and the environment as an energy company while providing an efficient and stable supply of energy to contribute to a brighter future. Exploration activities are seen over the sea. A parent and a child are looking at them on a shore far away. Energy that supports our lives comes to us as if it were a matter of course. It is stable and efficient supply that ensures peace of mind conducive to the creation of affluent societies. We envision INPEX aiming to create a sustainable society and, unbeknownst to people, ensuring peace of mind.

Contents

01	Company Overview / Editorial Policy
03	Top Management Commitment To be a company that serves an essential role and integral part of local communities
07	Our CSR Policy
09	CSR in Our Business Operations
11	Special Feature Part 1 Abadi LNG Project Implementing CSR Management as an Operator in the Abadi LNG Project, Indonesia
13	Special Feature Part 2 Ichthys LNG Project Challenges and Responsibilities in the Development Phase of the Ichthys LNG Project, a World-Class LNG Project
19	Special Feature Part 3 Gas Supply Chain Establishing a Gas Supply Chain to Secure a Stable Natural Gas Supply System over the Long Term
21	Special Feature Part 4 Renewable and New Energies Striving to Develop New Energies for a Sustainable and Safe Society
24	Dialogue with Stakeholders
27	Targets and Results of CSR Promotion Activities in FY2012
29	Major CSR Data

Forward-Looking Statements

This report includes forward-looking information that reflects the plans and estimates of INPEX CORPORATION and its affiliates (hereinafter called the INPEX Group). Such forward-looking information is based on assumptions and beliefs of the INPEX Group in light of information currently available, and involves known and unknown risks, uncertainties, and other factors. Such risks, uncertainties, and other factors may cause the INPEX Group's actual results, performance, achievements, or financial position to be materially different from any future results, performance, achievements, or financial position expressed or implied by such forward-looking information. Please be advised that the INPEX Group shall assume no responsibility for such risks.

Reference Guideline

Global Reporting Initiative's Sustainability Reporting
Guidelines Version 3.1
ISO 26000
IPIECA

Scope of Reporting and Data Compilation

INPEX CORPORATION and its 61 consolidated subsidiaries



In order to disclose information concerning some of environmental performance data appearing in this report in a highly transparent and reliable manner, we have started to undergo third-party verification by Bureau Veritas Japan Co., Ltd. this fiscal year.



Top Management Commitment



To be a company that
serves an essential role
and integral part of
local communities

Representative Director, President & CEO
INPEX CORPORATION

Toshiaki Kitamura

INPEX

Our Vision

We position ourselves to become a top class international oil and gas exploration and production company through sustainable growth in the oil and gas development business.

With natural gas as the core of our business, we will grow into an integrated energy company by making contributions to a stable energy supply to broader communities.

We will continue to play a significant role in boosting the capability of supplying energy to Japan while contributing to the global economic growth and social development.

Through these efforts, we intend to further advance our reputation among our shareholders and more broadly our stakeholders as a company serving an essential role in the global community.

Through the interview with our President & CEO, we convey our stance in contributing to social and economic development through our business activities.



For the INPEX Group, 2012 was the year of taking the helm in strengthening your CSR management. Reviewing this past year, what kind of changes have taken place and responses have you received ?

Implementing CSR management under our medium- to long-term vision

Announced in May 2012, our medium- to long-term vision outlined three growth targets and three management policies. As part of it, we have committed ourselves to continuously reinforce CSR management, clearly expressing, in and outside the company, our stance on this subject.

In 2012, by establishing the CSR Committee, which I chair, and specifying our five key CSR issues, we have laid the foundations for the company-wide promotion of our CSR management.

As one of these key issues, we have positioned the building of positive relationships with local communities in the regions where we operate our projects. In 2011 and 2012, we conducted the community polling among residents in Darwin, where the LNG plant for the Ichthys LNG Project is being constructed. The responses we gathered show that 85% of those who are aware of the Project welcome this Project. Among other factors, the Project seems to be highly regarded because of the many job opportunities it creates and the contributions it makes to the local economy.

Enhanced HSE initiatives together with our contractors

All the projects we conduct involve many parties, including contractors and subcontractors, and it is essential that the same awareness of CSR be shared by everyone. HSE*1 initiatives are an example of this. In November 2012, as the operator of the Ichthys LNG Project in Australia—a first for a Japanese company—, INPEX invited the CEOs of all contractors and subcontractors involved in the Project and held the HSE CEO Forum. During the forum, the Project confirmed consistent approaches on HSE throughout all contractors.

One of the CEOs commented that the level of their HSE initiatives had risen as a result of working with INPEX. This forum will be held annually.

Efforts in Diversity Management

With employees from diverse nationalities and cultures at work in our operator projects, such as Ichthys and Abadi, diversity management has become an important issue.

On the other hand, we recognize that diversity management*2 can be implemented more thoroughly in Japan, including at our head office, for example through the empowerment of female employees. INPEX is determined to actively tackle these issues, considering them important management initiatives.

Supporting employees active in the global arena

In February 2013, our Perth Office in Australia conducted an employee engagement survey, targeting 1,150 INPEX employees of the INPEX Group working on the Ichthys projects. The results showed that employee satisfaction in the workplace is above the average of the oil and gas industry. INPEX is especially regarded for its stance on topics such as safety, diversity, and corporate social responsibility, and for its corporate culture that values people. I interpret such results as an indication that our projects are being conducted with a high awareness of CSR. In 2012, with a view to securing/developing human resources and building an efficient organizational structure, one of the management policies of our medium- to long-term vision, INPEX established the Global HR Strategy Planning Group. In addition, the INPEX HR VISION was selected as the Group's first initiative following its establishment. On that basis, the Group is actively promoting the adoption of a human resources system worthy of a global company.

■ INPEX HR VISION

The INPEX HR VISION, which has been formulated by the Human Resources Unit in 2013, encompasses the entire INPEX Group. Composed of four key pillars below, it promotes various personnel-related measures from a global perspective.

1. **Talent attraction & Engagement**
Make INPEX the best place to work - "employer of choice"
2. **Focus on People Development**
Future leaders and global workforce capability
3. **Organization Effectiveness**
Maximize organizational performance through HR management processes
4. **HR Excellence**
Support business strategy with world-class functional expertise

*1 HSE: Health, Safety and Environment

*2 Diversity Management: Mechanisms to build work systems and human resource systems that recognize the diversity of each individual, and maximize the talent of each employee



In Australia, the Ichthys LNG Project has reached its development phase, while in Indonesia, the Front-End Engineering and Design (FEED) stage of project facilities has started for the Abadi LNG Project. Could you let us know about the impact that these two large-scale projects will have on the Japanese energy market and their significance for the CSR of INPEX?

Two large-scale projects will contribute to a stable energy supply

The Ichthys LNG Project is set to deliver 70% of its annual production volume of 8.4 million tons to Japanese power and gas companies for 15 years. This volume, combined with the annual 2.5 million tons produced by the Abadi LNG Project, will supply 10 to 15% of the annual imports of LNG in Japan.

Securing resources and energy is an important issue for Japan, and INPEX is confident that both of these projects, with their relatively low security risk, will significantly contribute to a stable supply of energy.

Trust from partner countries earned through accumulated experience

As an operator, INPEX accumulates experience and delivers results in terms of technological and fund-raising capabilities, while building trust relationships with local communities on environmental and

employment-related matters. All of this has implications for the development of our company, and we expect that a virtuous circle will result: our reputation as a trustworthy operator company will motivate potential partners or customers to seek business with us, bringing ever increasing opportunities in oil and gas development worldwide. In fact, as we have recently received inquiries regarding various projects in different parts of the world, we feel that our CSR initiatives in the Ichthys and Abadi Projects have reinforced the brand value of INPEX and enabled us to build new trust.



As a company that develops its business operations globally, how do you promote CSR activities based on the requests and expectations of the international community?

Communicating transparently

Because our businesses are types of industries that place a certain load on local communities and the earth's environment, it is indispensable for us to sufficiently consider and address the impact from a global perspective. While participating in international CSR initiatives, including the UN Global Compact, EITI*¹, and IPIECA*², INPEX voluntarily manages the social and environmental aspects of its operated projects based on the International Finance Corporation (IFC) Performance Standard*³. However, adopting inter-

national standards is only a first step of INPEX's CSR. The following pages cover versatile initiatives developed in our projects. What matters most, however, is to know how to coexist with local communities and how to benefit mutually. As projects get larger, the relationships with various stakeholders grow. There will be differences in culture and differences in values, but the important point is to establish communication to be able to exchange thoughts and ideas. I believe that Japanese companies benefit from something of excellence when they build relationships with societies. It stems from an ingrained culture that stresses consideration for others, attentive listening, dialogue and keeping promises. Through the activities we are currently promoting in our projects, we have been able to share thoughts and ideas with these stakeholders, while surely accumulating experiences and results. We hope that these assets will help us deepen further our activities in existing projects and will be transmitted to new projects to develop into a definite edge for INPEX.

*1 EITI: Extractive Industries Transparency Initiative

*2 IPIECA: International Petroleum Industry Environmental Conservation Association

*3 IFC Performance Standard: A performance standard on social and environmental sustainability established by the International Finance Corporation (IFC)



What kind of initiatives are you promoting in the "Reinforcement of Renewable Energy Initiatives" outlined in the medium- to long-term vision of INPEX?

Efforts for a variety of renewable energies

We have been making efforts for renewable energies from two perspectives: social responsibility for a company that creates tomorrow's energy, and a potential of renewable energies is indispensable for the future development of INPEX.

In this regard, we started in March 2013 the operation of INPEX Mega Solar Joetsu, a 2,000 kilowatts solar power generation system established in Niigata Prefecture, which is the center for our operations in Japan.

In addition, focusing on geothermal energy, which has an important potential renewable energy, we have begun studies on its commercialization in Hokkaido and Akita Prefectures.

In geothermal power generation, strong synergic effects can be expected from our technological capabilities developed

through oil and gas field development: geophysical surveys, drilling, and evaluation, allowing us to take advantage of our strengths. For the future, we are also considering possible contributions as an operator in countries rich in geothermal resources, such as Indonesia, where the Abadi LNG Project is currently under development.

We also promote innovations such as utilization of hydrogen energy and methane hydrate*4. It is important for INPEX, which aims at a stable supply of energy, to develop new energies in order to be prepared for various risks. Considering these possibilities with a 30 to 50 year long-term perspective, INPEX intends to fulfill its corporate social responsibility as an integrated energy company.

*4 Methane hydrate: A sherbet-like, solid crystal formed when methane, a component of natural gas, combines with water to become a hydrate.



One last question to conclude: as INPEX grows, expectations of various stakeholders and the global community also increase. How would you address them?

To be an essential company to local communities

Our business operations last for a long period of time in the regions where we operate. Our aim is to be an integral part of, and to be an essential company to the local communities as an important member that supports their social and economic development.

From the standpoint of human resources, it seems necessary to achieve deep integration at local level, and further, to build a system in which all employees assume their responsibilities. Such human resources, who are able to demonstrate a deeper and wider commitment, cannot be fostered overnight, but we are making steady efforts to that direction.



To Remain an Essential Company to the Society

The INPEX Group positions CSR at the basis of its management policy and aims to further enhance its reputation as a company essential to the society by contributing to economic growth and social development through its business operations.

In December 2011, the company signed the United Nations Global Compact and participated in EITI in October 2012. We thus declared that we would make every effort to operate as a globally trusted corporate citizen. We also formulated the medium- to long-term vision of INPEX in

order to articulate our medium- to long-term growth targets and key initiatives over the next five years for achieving them. We aim to enhance our corporate value by maintaining sustainable growth amid the changes that are taking place in the energy sector.

At present, we are focusing on five key CSR issues which are considered to have a significant impact on both INPEX and its stakeholders. We implement CSR management as a responsible global company through constructing a Plan-Do-Check-Act (PDCA) cycle for each issue.

■ Mission Pyramid

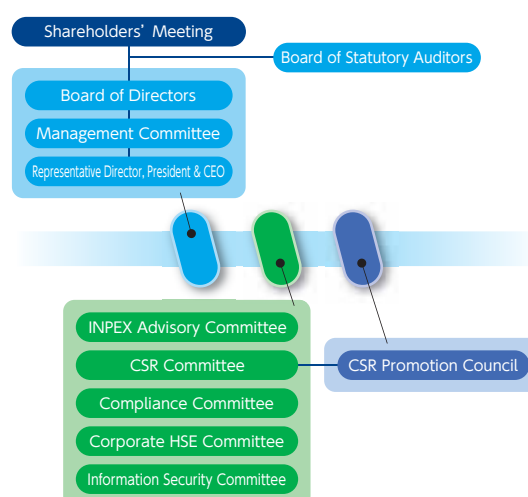


■ Key CSR Issues



In April 2012, we announced the stance of our top management towards CSR, and established the CSR Committee chaired by President & CEO to set out a company-wide commitment to CSR and to improve the organizational structure for implementation purposes. In addition to President & CEO, the head of the General Administration Division and the head of the Corporate Strategy & Planning Division (vice-chair), the chairs of the Compliance Committee and the Corporate HSE Committee also joined as committee members to facilitate collaboration between the respective committees. The CSR Committee meets to discuss basic policies related to various CSR initiatives. We have also established the CSR Promotion Council, a subordinate organization comprised of members from various Divisions. By creating this link between top management and the Divisions, we aim to promote a greater mutual awareness of CSR initiatives.

■ CSR Promotion System





CSR Roadmap

CSR Roadmap is a set of targets and a mid-term action plan targeted the period up to 2016 for the purpose of realizing the continuous reinforcement of CSR management as defined by our medium- to long-term vision.

The period after 2016, in which the Ichthys LNG Project is scheduled to commence production, is positioned as the third phase in CSR Roadmap. By achieving targets given below, we intend to realize “CSR on a global scale” to enhance our corporate value.

STEP UP



Progress during Fiscal 2012 toward the Medium- to Long-Term Vision

Promotion of CSR Management

The CSR committee established to construct a company-wide CSR promotion system. The committee was held five times in 2012, deliberating and making decisions on CSR mission pyramid, key CSR issues, initiatives to reinforce corporate governance, support measures for the Great East Japan Earthquake, etc.

Continuous Improvement in Corporate Governance

[Initiatives for improving corporate governance implemented]

1. Appointment terms of directors and corporate officers shortened (2 years→1 year)
2. Additional appointment of an outside directors
3. Establishment of the INPEX Advisory Committee
4. Establishment of a guideline for the purchase of company shares by directors and executive officers

Strengthening Stakeholder Communication

Holding Stakeholder Dialogue, regular communication through environmental and social impact survey in operation areas, and information disclosure through proactive communication and IR activities

Establishment of Compliance and HSE Systems

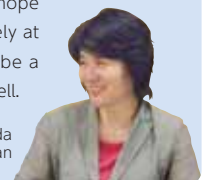
[Compliance] Business Principles established and Code of Conduct reviewed
 [HSE] Promoting activities based on HSE objectives for fiscal 2012 and corporate HSE programs

Medium- to Long-Term Vision
 —Responsible Management as a Global Company—

Voice

At INPEX, top management realizes the importance of CSR, and their important management committee, INPEX Advisory Committee also incorporates CSR into its agenda. They also approach CSR from diverse perspectives, participating in international initiatives including the UN Global Compact, EITI, and IPIECA, and holding dialogues with stakeholders. As much international attention is paid to INPEX's dialogues with indigenous people in Australia and its activities contributing to local development in its areas of operation, I hope INPEX will report such activities proactively at international conferences and strive to be a leading company in CSR management as well.

Ms. Kaori Kuroda
 Executive Director, CSO Network Japan



Initiatives INPEX Participates In



The United Nations Global Compact is a voluntary corporate responsibility initiative proposed by Kofi Annan, Secretary-General of the United Nations at the time, in 1999. Participants in the Global Compact, who endorse 10 principles of 4 fields of human rights, labor, environment, and anti-corruption, aim at the more sustainable and comprehensive development of international economy.



The Extractive Industries Transparency Initiative (EITI) is an international initiative aimed to implement good governance, eradicate political corruption and poverty, and bring about economic development of resource producing countries by improving the transparency of the flow of funds from oil, gas, and mineral resource exploration industries to the governments of resource producing countries and intensifying the fund management responsibility using global standard methodologies.

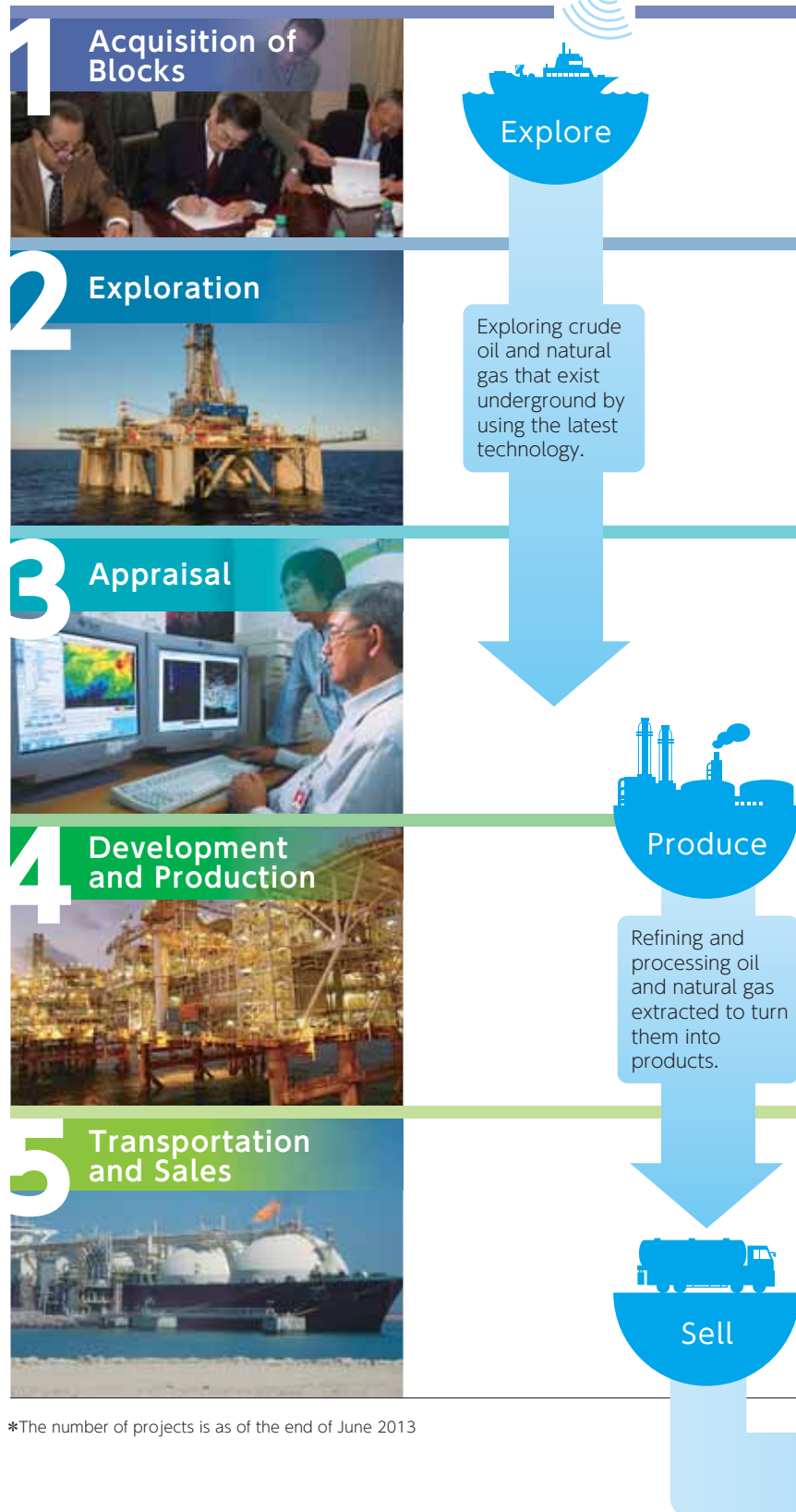
Corporate Social Responsibility in Each Project

We strive to achieve our medium- to long-term vision and establish a firm position among the top group of independents*. In doing so, we have been actively promoting CSR activities based on the awareness that “CSR is an integral and inseparable part of our business activities.”

In a project which INPEX promotes as the operator, we communicate closely with local communities and other stakeholders and try to earn their trust. Such an attitude of INPEX has long been developed through our operations in Japan and has become the foundation of our corporate culture as the “INPEX WAY.” As our business expands, we will commit ourselves to fulfilling our social responsibility by protecting environment, ensuring safety, creating jobs, considering human rights, respecting cultures and customs, and communicating with local communities and NGOs in the areas where we operate and in each phase of our operations. We will continue to steadily supply energy, thus contribute to the development of a sustainable society.

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

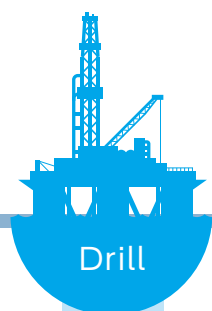
Project phases and Business Activities



*The number of projects is as of the end of June 2013

Phase

Stakeholders and matters to be considered from a CSR perspective



Drill

- Preliminary survey of potential regions of operation
- Bidding and contract negotiation, conclusion of petroleum contract
- Acquisition of working interest

[Stakeholders]

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

[Matters to be considered for stakeholders from a CSR perspective]

- Compliance with laws and regulations
- Proactive information disclosure concerning acquisition of license blocks



- Terrestrial geological surveys (seismic surveys and seabed probes)
- Drilling of exploratory wells to confirm the presence of crude oil and natural gas
- Production test

• Projects under exploration: **31**

[Stakeholders]

- Oil and gas producing countries
- Employees
- Shareholders and investors
- Project partners
- Local communities and NGOs
- Suppliers (contractors, etc.)

[Matters to be considered for stakeholders from a CSR perspective]

- Compliance with laws and regulations
- Communication with local stakeholders
- Proactive information disclosure concerning operations
- Implementation of social and environmental impact assessments
- Reduction of impact of exploration activities on the natural and social environments
- Safe operation at operating sites
- HSE management of employees and contractors at operating sites



Drilling wells by using rigs to extract crude oil and natural gas.

- Drilling of delineation wells to evaluate the size of oil or natural gas field
- Evaluation of the size of the reserve
- Economic viability and development plan

• Projects discovered /under preparation for development: **9**

[Stakeholders]

- Oil and gas producing countries
- Employees
- Shareholders and investors
- Project partners
- Local communities and NGOs
- Suppliers (contractors, etc.)

[Matters to be considered for stakeholders from a CSR perspective]

- Compliance with laws and regulations
- Communication with local stakeholders
- Proactive information disclosure concerning operations
- Implementation of social and environmental impact assessments
- Reduction of impact of exploration activities on the natural and social environments
- Safe operation at operating sites
- HSE management of employees and contractors at operating sites



- Drilling of production wells for crude oil and natural gas
- Construction of production and loading facilities (pipelines etc.)
- Commencement of production
- Production and operation management

• Projects under development and in production: **38**

[Stakeholders]

- Oil and gas producing countries
- Employees
- Shareholders and investors
- Project partners
- Local communities and NGOs
- Suppliers (contractors, banks, etc.)

[Matters to be considered for stakeholders from a CSR perspective]

- Compliance with laws and regulations
- Communication with local stakeholders
- Proactive information disclosure concerning operations
- Implementation of social and environmental impact assessments
- Implementation of programs contributing to oil and gas producing countries and areas
- Safe operation at operating sites
- HSE management of employees and contractors at operating sites
- Fair treatment in materials procurement
- Reduction of greenhouse gas emissions



- Loading and transportation
- Marketing and sales (crude oil, condensate, LPG, natural gas, LNG, etc.)

• Export Pipeline Projects, etc.: **2**

[Stakeholders]

- Oil and gas producing countries
- Employees
- Shareholders and investors
- Local communities and NGO
- Suppliers (contractors, banks, etc.)
- Customers

[Matters to be considered for stakeholders from a CSR perspective]

- Compliance with laws and regulations
- Communication with local stakeholders
- Product safety control
- Development of stable and agile supply systems
- Reduction of greenhouse gas emissions
- Communication with customers
- HSE management in shipment and transportation



Selling crude oil and natural gas products to our customers.



: Compliance



: HSE initiatives



: Community contribution



: Greenhouse gas countermeasures



: Employee development

Part 1

Project Phase
“Evaluation”

— Abadi LNG Project —

Implementing CSR Management as an Operator in the Abadi LNG Project, Indonesia

Since 1966, Indonesia has been at the core of our exploration and production activities, and in 2000, the Abadi gas field was discovered in the Masela Block, operated by INPEX. The Abadi LNG Project is one of two major overseas LNG projects operated by INPEX. In line with INPEX's Corporate Social Responsibility (CSR) Policy, progress in the Abadi LNG Project has been made through a balance of the economic, environmental, and social performance, to ensure the success and sustainability of the Project.

Aiming for Stable and Efficient Energy Supply via LNG Project Leadership

Thanks to its wealth of natural resources, Indonesia continues to be a core area for our business activities, as it has been for almost half a century. The INPEX Group has been engaged in several upstream projects in Indonesia, including the Abadi LNG Project — one of our most important projects — for which we have acquired the license block in 1998. At present, the Project is progressing through our efforts together with Shell. Located in the Arafura Sea, the Abadi gas field is one of the largest gas fields in the world — its gas reserves are distributed over an area of more than 1,000 square kilometres (about 1.6

times as large as Tokyo's 23 wards).

We therefore decided on a phased development, and aim to extract 2.5 million tons of liquefied natural gas (LNG) in the Phase 1 development.

Following approval for the Phase 1 development plan from the Indonesian government in December 2010, the FEED work for subsea production facilities was started up in November 2012, while the FEED work for the floating LNG* plant started in January 2013. This represents massive progress in the Project.

* Floating LNG: An offshore production facility to refine, liquefy, store and transport natural gas

Building Trust and Support through Direct Dialogue and Harmonious Relationships

Project socialization, baseline assessment, and stakeholder engagements are prerequisites to promoting the Project and to building a win-win relationship with local communities.

Sustainable operation of the Project cannot be achieved without any “social license to operate”, revealed in trust, acceptance, and support from local communities. It is vital not only to assure the safety of the operation and minimize any negative impact on the environment and area, but also to proactively conduct empowerment and development programs for local communities.

Our CSR programs are conducted in accordance with the baseline studies and assessments from our regular stakeholder engagement. These programs are intended to support the empowerment and development of local communities. We are also collaborating with the Institute for Economic and Social Research of the University of Indonesia and University of Pattimura in the formulation and implementation of these programs.

In socializing and promoting our LNG Project, we employ various community relations events and public relations efforts, as well as making continuous efforts to maintain and develop a harmonious relationship and mutual prosperity with our local stakeholders. In implementing our CSR programs for the Project, we apply several principles, which are among others in line with IFC Performance Standards.



Empowering local communities in organic farming in Indonesia



Multi-stakeholders engagement through dialogues



Project members from various countries

Empowering Local Resources, Engaging Local Authorities, and Enhancing Trust

As part of its operational readiness, the Project will act to recruit, train, and develop local resources to become professionals with skills that can be employed globally.

“In big projects involving many people as partners, the most important things are communication and teamwork. It is indispensable for all hands to engage in close communication with each other, to recognize each other’s values even as they hold their own, and to pool their talents for an exercise in teamwork.” (Ade Damanhuri, Human Resources Department, INPEX)

For a smooth operation of the project, besides having all employees engaged in on-site work share the values of the INPEX Group, we are actively establishing global CSR guidelines and working to develop the human resources needed for smooth execution of the project. This project is at the “evaluation” phase. As it heads toward production, the project is anticipated to increasingly engage the Indonesian authorities and many other stakeholders, and therefore requires considerations for a wider agenda in the CSR aspect. Smooth execution of the project demands that trust be built through close communication with local communities and other stakeholders. We are going to step up our efforts to deepen our relationships with all stakeholders and strengthen our CSR management to ensure the Abadi LNG Project provides energy for a bright future in Indonesia.

Part 2

Project Phase
“Development and
Production”

— Ichthys LNG Project —

Gas Export Pipeline

Darwin (Onshore LNG Plant)

Ichthys Gas-
Condensate Field

Perth (Perth Office)

Challenges and Responsibilities in the Development Phase of the Ichthys LNG Project, a World-Class LNG Project

The Ichthys LNG Project is a world-class project to develop a gas and condensate field approximately 200 kilometres off the northwest coast of Australia. It is operated by INPEX as a joint venture with major partner Total and Tokyo Gas, Osaka Gas, Chubu Electric Power, Toho Gas and CPC Corporation Taiwan*1.

*1 Subject to the satisfaction of certain conditions precedent



Into the Development Phase with Full Consideration for Local Communities

The Ichthys LNG Project is the first large-scale LNG project to be operated by a Japanese company. The final investment decision was made in January 2012 and the development phase started. The first production is expected by the end of 2016.

Well streams will be processed at an offshore central processing facility (CPF) to remove liquids from the gas and the gas will be transported via an 889-km pipeline to the Ichthys LNG plant in Darwin, Northern Territory. The separated liquids will be sent to a floating production, storage and offloading (FPSO) where the condensate*2 will be treated and transferred to carriers for delivery to markets. Detailed engineering and construction of the facilities are underway in various engineering offices and fabrication yards around the world. In Darwin, civil work at the LNG plant site has commenced and the accommodation village which will house 3,500 construction workers at peak is being built.

The Ichthys LNG Project will help meeting the Asia-Pacific region's increasing energy demand and will strongly contribute to a stable energy supply in Japan. It will also play an important role in the sustainability of local communities.

"In delivering this important project through to the production stage we will be securing a vital, long-term energy supply to Japan and our other customers while delivering sustainable economic and social benefits across Australia. INPEX is committed to contributing to the sustainable development of the communities in which we operate, improving social and economic well-being while minimising any impact on the environment. INPEX is also committed to maintaining its close cooperative approach with government, the community and our other key stakeholders in the areas of operations to deliver the Ichthys Project safely and on time."
(Naoki Kuroda, INPEX Chairman)

"With INPEX underway, we're already seeing what the oil and gas can do for jobs prosperity and future economic growth"
(Minister Willem Westra van Holthe, Minister for Mines and Energy, Northern Territory)

*2 Condensate: Hydrocarbon liquid dissolved in saturated natural gas that comes out of solution when the pressure drops below the dewpoint

■ Ichthys LNG Project Milestones



Production start



Start-up activities commencement



Gas Export Pipeline pipe lay completion



LNG processing facility commissioning commencement



Central Processing Facility arrival in field



Floating Production Storage and Offloading arrival in field



Jetty completion



Production drilling commencement



Dredging completion



Accommodation Village opening



Dredging program commenced



First soil turned at Blaydin Point



First Investment Decision made

Respect for Aboriginal People

The Aboriginal population in Australia comprises more than 500,000 people and represents 2.5 percent of the national population. In the Northern Territory, where the Ichthys LNG Project processing facilities are being constructed, Aboriginal communities represent 40 percent of the population.

The Ichthys LNG Project acknowledges Aboriginal people as the Traditional Owners of the land and water where the Project's facilities are being developed. As such, a policy and strategy have been developed to guide Project activity while taking into consideration Aboriginal culture. Similarly, a memorandum was signed with the Larrakia people, the Traditional Owners of the land and water in and around Darwin, to demonstrate the Project's commitment to a relationship that is built on a foundation of cooperation and mutual respect. Aboriginal Heritage Management Plans have been developed and the Project is working with the Larrakia people to appropriately manage and monitor Aboriginal cultural heritage during Project activities. An example of this is the requirement for

Aboriginal heritage monitors to be present during all ground-disturbing activities.

"In 2013, we published our first Reconciliation Action Plan (RAP), a public document that outlines the company's commitments towards Aboriginal communities. The RAP has been developed around the three key thematic areas of relationships, respect and opportunities. Our RAP will be reviewed annually and our achievements made public."

(Irene Stainton, Senior Aboriginal Advisor, INPEX)



Artwork created by Aboriginal artist in commemoration of INPEX's RAP launch

Reconciliation Action Plan (RAP)

The RAP outlines the company's reconciliation vision and plans to build strong relationships and enhance equality and respect between Aboriginal and Torres Strait Islander (ATSI) peoples where we operate. Under three headings, Relationships, Respect and Opportunities, the RAP sets out INPEX's tangible and measurable public commitments to ATSI peoples.



■ Addressing Human Rights considerations in Ichthys LNG Project

Minimising and managing Project impact on local communities

- Social Impact Management Plan (SIMP)

Commitment to work with Aboriginal communities to build mutually beneficial relationships

- Aboriginal Engagement Policy and Strategy
- Reconciliation Action Plan (RAP)
- Aboriginal Heritage Management Plan
- Aboriginal Business Engagement Strategy

Human rights considerations related to community impact

Engaging local communities and addressing their feedbacks and grievances

- Community Engagement Plan
- Community Grievances Mechanism
- Stakeholder Management System

In compliance with IFC Performance Standards on Environmental and Social Sustainability

In line with the Global Compact Human Rights framework

Fostering Understanding and Trust with Local Communities and Government Authorities

The Ichthys LNG Project conducted in-depth environmental, social impact assessments and stakeholder consultations before the development phase. During the development phase, the Ichthys LNG Project is careful to undertake all Project-related activities with the aim of maintaining good relationships with stakeholders. The Ichthys LNG Project is preparing a social impact



Stakeholder briefing on the Darwin Harbour dredging program



LNG plant site, Darwin



Dredging work in Darwin Harbour



Monitoring of coral in Darwin Harbour

management plan (SIMP) for its activities that is based on international standards and more particularly on the *IFC Performance Standards on Environmental and Social Sustainability*. The purpose of the SIMP is to assess, analyse 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.

Respect for Nature and All Possible Considerations for the Environment

The Ichthys LNG Project continues to make great efforts to minimise any impact on the environment where the Project operates. For example, the duration of the Project's dredging program has been substantially reduced by adopting efficient, state-of-the-art equipment and methodologies and planning intense dredging during the wet season, when the Harbour is naturally murky, which are also contributing to reduce impact on the environment in and around Darwin Harbour.

"When the Project's baseline surveys were conducted, the monitoring team uncovered 8,971 individuals from 271 species including 79 species of molluscs, 58 worms, 48 crabs, 33 other crustaceans, 26 ants and 19 small mangrove fish.

(Sofie Harrison, Environmental Advisor, INPEX)

Strict environment monitoring programs are implemented to measure the impact of sedimentation and dredging activities and to preserve marine ecology and fauna in and around Darwin Harbour.

An independent panel, the Ichthys Project Dredging Expert Panel (IPDEP), was established to provide advice on the different steps of the dredging program. According to the chairman of the panel, Barry Carbon, *“the Ichthys LNG Project is as prepared as it could be at this stage of a project”*.

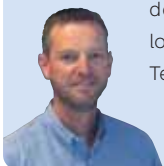
In consultation with the Northern Territory Government, the Ichthys LNG Project is also implementing an environmental offset program encompassing various elements such as a survey of coastal dolphins, the publication of the results of environmental studies commissioned by the Ichthys LNG Project in the Kimberley region of Western Australia, and research projects on the fluid mud layer and microorganisms in Darwin Harbour.

In addition, INPEX actively participates in the biodiversity working group organised by the International Petroleum Industry Environmental Conservation Association (IPIECA) and the International Association of Oil & Gas Producers (OGP).

The design of the Ichthys LNG Project includes many improvements to increase energy efficiency and minimise greenhouse gas (GHG) emissions. For example, the facilities are designed to recycle excess gas and thereby avoid continuous flaring. At the offshore field location, the facilities are connected by a novel high voltage power sharing cable, enabling more efficient power generation and fewer emissions.

Voice

We are investigating options to GHG offset emissions from the Ichthys LNG Project. In 2008, we commenced an assessment project on biological sequestration of CO₂ by planting 1.4 million eucalyptus trees. As part of a GHG offset agreement with the Northern Territory Government, we have committed to spending A\$37 million on a savannah fire management program in the Northern Territory. The aim of this program is to control wild forest fires systematically using the traditional prescribed burning methods applied by the Aboriginal people. This results in a net reduction of GHG emissions and supports development, training and employment in local Aboriginal communities in the Northern Territory.



(Reinoud Blok, General Manager, GHG, INPEX)

Maximising Benefits for Local Communities

In order to contribute to the economic development of Australia in general, and the Northern Territory in particular, the Ichthys LNG Project has agreed to an industry participation plan (IPP) to support Australian companies and maximise 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 maximised 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 realised 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.

“The Ichthys Project has helped develop our business, people and systems to another level.”

(Greg McLaughlin, Managing Director of Mobile Electrics (NT) Pty Ltd)

Significant contributions to social projects and activities have been made, focusing on education, environmental protection and Aboriginal communities. In 2012, a donation of A\$3 million was made to contribute to the establishment of the North Australian Centre for Oil and Gas at Charles Darwin University. In 2010, the Ichthys LNG Project donated A\$3 million for the construction of the Larrakia Trade Training Centre (Centre). The Centre is now open and to date, more than 450 people have been trained in various fields such as construction, mechanics or electrical engineering.



Opening ceremony of the North Australian Centre for Oil and Gas



Larrakia Trade Training Centre



Pre-employment training at the Larrakia Trade Training Centre

Voice

We trained some people last year and put them on the construction site and more than half of those went on to undertake their full apprenticeship training. It really does set them up for a wonderful career for the rest of their lives.

(Stephen Balch, CEO at Advanced Training International Inc. which manages the Larrakia Trade Training Centre)



Employee retention and career development are important in supporting a rapidly growing company like INPEX, operating in a highly competitive industry. Career development programs have been introduced, including a leadership program to provide professional development for high potential employees as well as a study assistance program to support employees with educational initiatives.

Promotion of the Project with Shared Values on a Global Scale

More than 1,000 personnel from a wide range of nationalities and cultural backgrounds are working on the Ichthys LNG Project in 18 offices around the world. As the Project expands on a global scale, efforts continue to be made to accommodate employees with diverse cultural backgrounds and values. Embracing diversity, mutual respect and collaboration are some of the most important INPEX corporate values.

“Being French and working in Australia on a project operated by a Japanese company is definitely a cultural challenge. It requires flexibility, curiosity, listening and a very open mind. It is also extremely interesting to learn about other cultures and working habits. I have never felt to be an outsider, and my colleagues are very interested to learn more about my country.”

(Marie-Alix du Laz, Corporate Social Responsibility Advisor, INPEX)

Voice

I started working for INPEX in December 2008 as a Human Resources Administrator.

In the 4.5 years that I have been working here, INPEX has been very supportive in helping me grow in my role and giving me the opportunity to progress in my career.

Through INPEX, I have completed Certificate IV in Human Resources and have been promoted to a Human Resources Officer. I feel like a valued employee and look forward to further growth within the business. Thank you, INPEX!

(Janine Gebert, Human Resources Officer, INPEX)



Ichthys LNG Project will start its production in the coming years and will operate for 40 years. INPEX will continue to fulfill its responsibility as an operator to carry out the Project that requires linkages between a corporate and the society at various levels and to contribute to the sustainable development of the communities.

Part 3

Project Phase
"Production, Transportation
and Sales"

— Gas Supply Chain —

Naoetsu LNG Terminal

(scheduled to enter operation in early 2014, LNG capacity of approx. 1.5 million tons/year)

Minami Nagaoka Gas Field

Natural Gas Pipeline Network

(approx. 1,400 km) Sales to consumers in 1 metropolitan area and 7 prefectures

Overseas LNG Sources

- Ichthys LNG Project
- Abadi LNG Project

Shimizu Sodeshi LNG Terminal (Shizuoka Gas)

Establishing a Gas Supply Chain* to Secure a Stable Natural Gas Supply System over the Long Term

Naoetsu LNG Terminal will start full operation in early 2014, and gas supply through Toyama Line will commence at optimum use at the end of 2014. With the completion of these facilities, a more stable supply system will be in place, allowing our domestic gas supply infrastructure for the abundant natural gas resources we have developed in Japan and overseas.

*Gas supply chain: The series of processes of natural gas business, from upstream to downstream

Establishing a Gas Supply Chain that Organically Connects Overseas LNG with the Domestic Natural Gas Infrastructure

To enhance our sustainability to supply natural gas over the medium to long term, we have been constructing Naoetsu LNG Terminal in Joetsu City, Niigata Prefecture. Upon completion, this terminal will have a storage capacity of 360,000 kiloliters of LNG, a volume equivalent to the city gas consumption of 630,000 households, or 70% of all households in Niigata Prefecture. Once its operations has started, the terminal will receive

LNG from overseas projects in which INPEX is involved, including the Ichthys and Abadi LNG projects.

The completion of this terminal will raise our capacity and our ability to provide a stable supply of natural gas. By organically connecting our overseas LNG Projects with our natural gas supply infrastructure in Japan, it will significantly contribute to a stable gas supply.

Fully Prepared for Work Safety and the Environment in the Construction

The construction of Naoetsu LNG Terminal is a huge project.

Since each process involves different contractors, about 1,000 workers, subcontractors included, is employed on the site at the peak of the construction schedule. Full preparedness for work safety and the environment is therefore indispensable.

On the construction site, we implement thorough PDCA (Plan-Do-Check-Act) cycle based on the HSE Management System of the INPEX Group. Workers perform everyday site inspection to fix unsafe operations and unsafe situations, and in addition to risk assessments of work procedures, and emergency evacuation and lifesaving drills, regular meetings and internal seminars are held to share information, so that, all parties involved in the construction process, including contractors, have access to the same information when working.

We make utmost effort for conservation of biodiversity, aiming at harmonious coexistence with the surrounding environment. In accordance with the law, 25% of the total area of the developed site will be covered with trees and plants, with the planting of 600,000 high and low trees scheduled to be transplanted by October 2013. In addition, we regularly conduct environmental impact surveys out of concern for eco-systems and the results would be reflected to minimize impact on marine life and protect the ecology of the sea area in question.

Building a Trust Relationship with Local Communities

With this terminal, INPEX tries at most to ensure safety on the site and protect the environment in the hope to earn the trust of the local population. To make sure the terminal is community-friendly, we work for ongoing communication and conduct social contribution activities.

Naoetsu LNG Terminal Construction Office invited students from nearby elementary school.

By participating this event, INPEX Group hopes, students will rethink how important energy resources are to our daily life.

Pipeline for a Stable Supply of Natural Gas

While constructing Naoetsu LNG Terminal, INPEX is also building Toyama Line as an extension of the pipeline network. The line is scheduled to start up to the end of 2014.

Local city gas companies in Toyama Prefecture currently receive LNG supply through land transportation before regasifying it in their plants for serving their customers. One issue with this system was that its inability to fully meet the demand, because heavy snow could disrupt LNG supply lines and the transportation capacity had limits. In the future, we will be able to receive overseas LNG at our Naoetsu LNG Terminal, and ensure stable delivery to city gas companies and large scale industrial gas customers along the pipeline.

Thus, the INPEX Group meets the expectations for a stable supply of energy and provides safe, high-quality natural gas, contributing to the sustainable development of its customers.



Introduced at Naoetsu LNG Terminal in December 2012, the operator training simulator provides workers with hands-on experience of the operations under various situations.

When the terminal becomes operational, this training will allow them to manage any situation safely.



94 employees of the INPEX Group, including employees working at Naoetsu LNG Terminal, participated in the 13th Kashiwazaki Shiokaze Marathon organized in May 2013. All the employees who ran the marathon completed the full distance and two athletes received prizes in the Women's Half Marathon. "We feel our participation as runners and as volunteers has helped us establish a better communication with the local population".

Voice

As the first such project after amendment of the Act on Promotion of Improvement of Agricultural Management Foundation, we at Myoko Garden Co., Ltd. began producing and sales of safe and flavorful macrophyll (*Ooba*) and other herbs through operations managed by a joint-stock company. We are aiming for management that is friendly to both people and the environment. Heating is essential in the wintertime, given the location in our area of extreme cold.



Upon studies aimed at installing heating facilities that were even a little more environment-friendly, we selected a system fueled with natural gas, which is resolved into water and CO₂ upon complete combustion. Both water and CO₂ are indispensable for the growth of any plants, and natural gas is therefore the perfect fuel for the system. Thanks to the stable supply of fuel by pipeline, even in winter, our plants grow rapidly in our greenhouses of about 15,000 square meters, and they are one of the familiar midwinter sights in the area.

Mr. Mitsuaki Yamashita, Representative Director, Myoko Garden Co., Ltd.



Striving to Develop New Energies for a Sustainable and Safe Society

In view of its mission to provide a stable and efficient supply of energy, the INPEX Group reinforces new energies initiatives as a very important task, with a long term perspective. The INPEX Group considers it our responsibility to achieve the challenge of realizing existing potentials or finding new, undiscovered potentials, for a bright future for mankind.

Expanding the Range of Available Energies

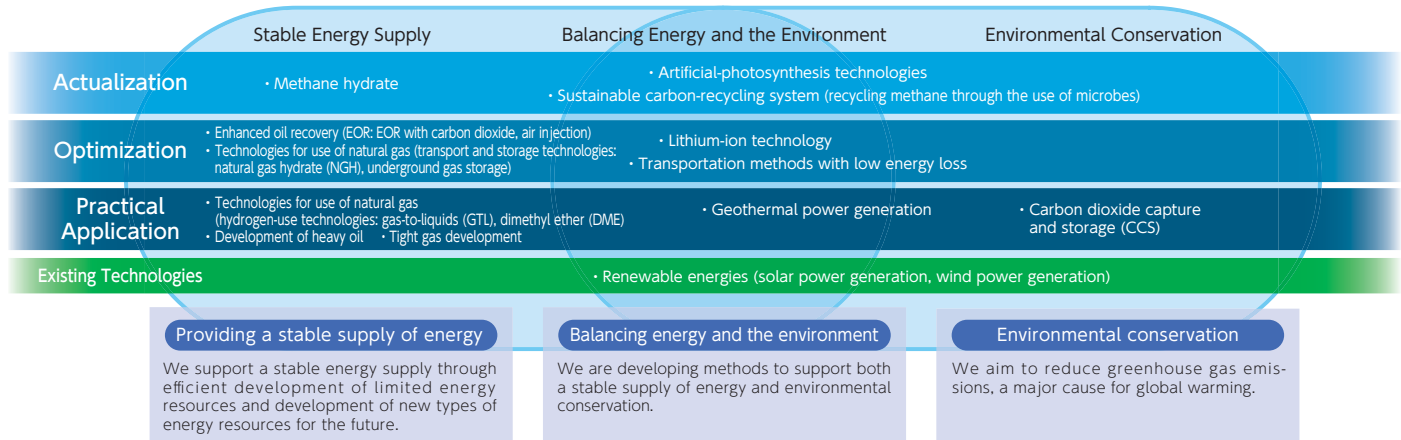
Expectations towards renewable energies are ever-increasing, and many people are now considering the energy issue as a pressing one. The accident at Fukushima Daiichi nuclear plant has highlighted again the risks of relying only on nuclear energy.

The intensifying disputes between states over resources

also suggest that it is indispensable to search for the best energy mix, using a variety of resources and technologies. Based on the three perspectives outlined below, the INPEX Group will continue to strive for the development of new energies to provide a wider range of stable and sustainable alternatives.

The 3 Areas of R&D (Research & Development) Activities for New Energies and the Development Process of Technologies

As a comprehensive energy developer and supplier, INPEX supports a sustainable society through R&D activities targeting advanced exploration and development of oil and natural gas. INPEX focuses its R&D activities in the following three areas.



Long-Term Research to Actualize New Possibilities

Actualization can be defined as the long-term challenge of looking at 50 to 100 years ahead of now to find possible new energy sources, in the same way as mankind discovered energy sources such as oil, natural gas, wind power or solar power. Ideally, these sources would be inexpensive, safe, and available in Japan, and they would not place a load on the environment.

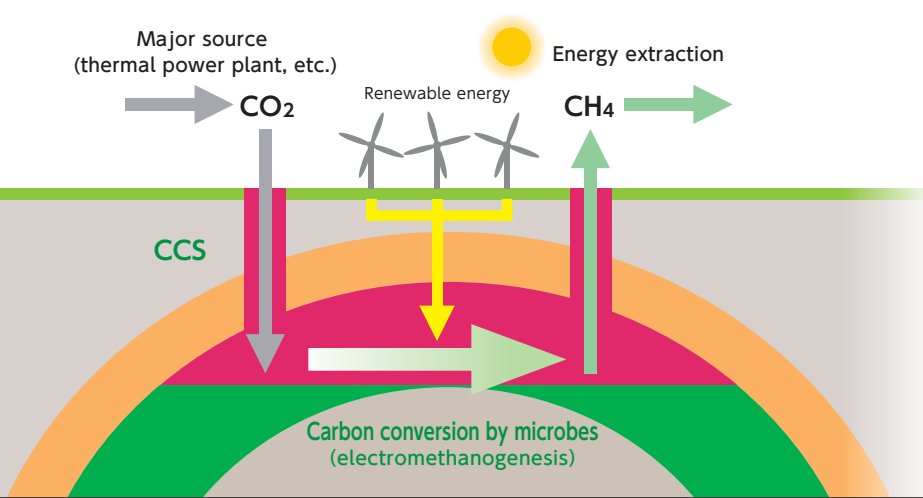
An example is given by the research for production of hydrogen, which is regarded as the ultimate renewable energy, from sunlight and water. Hydrogen is a clean energy whose combustion results in the formation of water only. It can also be used to produce hydrocarbon fuels and chemical materials through reaction with CO₂. At present, it is generally manufactured from oil, methane, and such other substances. We are participating in the Japan Technological Research Association of Artificial Photosynthetic Chemical Process launched in November 2012 by the Ministry of Economy, Trade and Industry with the aim of establishing technology for efficient manufacture of hydrogen by resolution of water through photocatalysis. INPEX is therefore part of a joint project to this end pooling the capabilities of government, industry, and academia.

The “Sustainable Carbon-Cycle System Engineering” is a research program INPEX has been co-sponsoring with the Frontier Research Center for Energy and Resources at the School of Engineering of the University of Tokyo. This research is an attempt to convert CO₂, which is injected underground during processes such as CCS*¹ and CO₂ EOR*², to methane by using methane-producing bacteria living in oil and gas fields and underground aquifers.

“Our research is going beyond CO₂ underground sequestration through CCS, which is intended as a measure to cope with global warming. We are looking for ways to recycle CO₂ to develop new energies in the context of a recycling-oriented society. The technologies we have honed through oil and natural gas exploration and development are absolutely necessary, and we are going to take advantage of this existing know-how of the INPEX Group, and link it to innovations such as using the functions of living organisms. In that respect, we feel that the possibilities and responsibilities are immense.” (Haruo Maeda, Senior Coordinator, Technical Research Center, Technical Division)

*1 CCS (carbon dioxide capture and storage): Technology to separate, capture and store CO₂ emitted from major sources

*2 CO₂ EOR (CO₂ enhanced oil recovery): Technology for improving crude oil recovery by injecting CO₂ into oil fields



■ Methane Generation Using Microbes

In this research, methane-producing archaea living in oil and gas fields and aquifers produce methane (CH₄) after CO₂ has been injected underground through CCS and CO₂ EOR processes. Since methane-producing archaea must be supplied with a constant source of hydrogen, INPEX are conducting laboratory experiments intended at using the electrochemical reducing power of hydrogen for this purpose. So far, INPEX have confirmed that microorganisms living in domestic oil fields, including methane-producing archaea, show a strong methane production activity.

For the Early Practical Application of a Wide Array of Renewable Energies

In “practical application”, the challenge is to find how to use existing energy sources more efficiently, or to clear cost or technical hurdles. These efforts are developed in the medium-term, ranging from five years to decades ahead. Many of the renewable energies that gather attention now require that development be immediately conducted from this perspective. The practical application of renewable energies that will support the next generation is also emphasized by oil-producing countries in anticipation of their future. It has also significance in view of our contributions to these countries and strengthening of our relations with them. As compared with fossil fuels such as oil, coal or natural gas, geothermal power generation entails very little emission of CO₂ (several tens of times less per unit of power generated) and is able to generate power on a stable basis, uninfluenced by the weather. It is one of the new types of energy that has a high synergistic effect with our business. Its nature as a stable energy unswayed by fluctuation in oil prices is in accord with our goal of making contributions to a stable energy supply. For these reasons, INPEX has been conducting studies aimed at practical geothermal power generation at two sites in Hokkaido and Akita Prefectures.

“Japan is endowed with rich geothermal resources, considered to be the third largest in the world. However, because many of them are located in natural parks or hot-spring areas, we

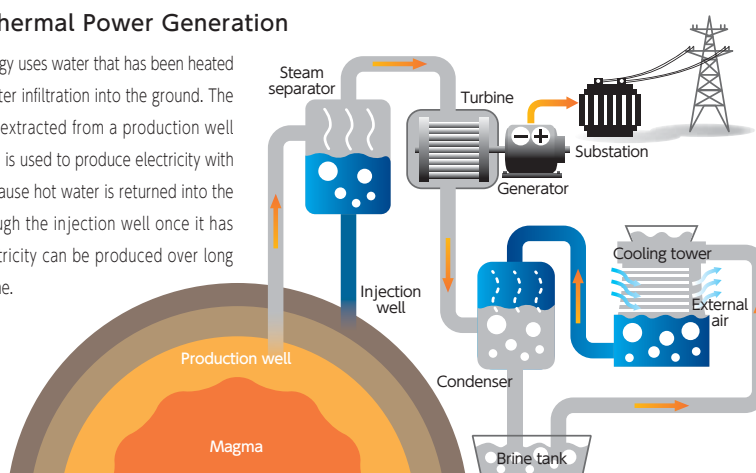
need to adopt a multifaceted thinking process, with considerations for the landscape impact, various regulations, and local factors. As we conduct our surveys, we disclose information such as its plan and status of implementation to local communities, and through the holding of briefing sessions and local consultative committees, we proceed with our activities while confirming the agreement of local government bodies and local communities.”

(Shusaku Sako, Business Development Group Manager, New Business Planning Unit, Corporate Strategy & Planning Division)

In March 2013, we started operating INPEX Mega Solar Joetsu, the first solar power plant of the INPEX Group, constructed on a former refinery site owned by INPEX Logistics (Japan) Co., Ltd. in Joetsu City, Niigata Prefecture. Its amount of electricity generating from maximum electric capacity of 2,000 kilowatts is equivalent to the annual power consumption needs of about 750 ordinary households. Arrangements have also been made to receive elementary and junior high school students who will visit the facility to study about energy.

■ Geothermal Power Generation

This technology uses water that has been heated by magma after infiltration into the ground. The hot water is extracted from a production well and its steam is used to produce electricity with turbines. Because hot water is returned into the ground through the injection well once it has cooled, electricity can be produced over long periods of time.



Optimizing the Usability of Energy for Better Safety and Efficiency

Optimization is the quest for methods of transport and storage that will allow us to deliver energy to everyday users more safely and more efficiently.

Although electricity is a very convenient form of energy, its transport over long distances suffers from issues related to transmission losses of several percent. They could be significantly reduced if, instead of electricity, we could transport natural gas close to consumption areas through pipelines, before using it to generate electricity in combination with fuel cells. Natural gas-related technologies held by the INPEX Group could also greatly contribute to the establishment of smart grids. Another topic is energy storage, which is of particular importance for

the use of unstable natural energy. INPEX is engaged in the development of high-capacity lithium-ion batteries since 2009 through its investment in ELIY Power Co., Ltd. Establishing technologies that allow the efficient and safe storage of large amounts of electricity will not only increase the flexibility with which we use it, but also it is very meaningful in the search for the best energy mix.

“To create the sustainable society of our future, we must imperatively integrate new energies in our lives. Today, we wonder where they are, what their forms are, and how we could use them and optimize them. All we have is dreams and ideals, but with a strong sense of purpose, we will strive to turn these possibilities into reality.”

(Yoshiro Ishii, Executive Officer, Vice President of Corporate Strategy & Planning Division)

— Dialogue with Stakeholders —

To Fulfill our Responsibility to a Variety of Stakeholders as a Global Company

In the severe environment faced worldwide by resource development, the first and foremost mission of the INPEX Group is to provide a stable and efficient supply of energy. Through its business activities as a company responsible for Japan's energy security, how can INPEX fulfill considerations for corporate social responsibility on various issues, such as the environment and human rights, while actively promoting resource development projects? We invited two experts to hear straightforward opinions on various topics, including the expectations placed on us from the standpoint of global management. Takeo Kikkawa, Professor at the Graduate School of Commerce and Management of Hitotsubashi University, and member of the Advisory Committee for Natural Resources and Energy, is a specialist of the energy industry. Eiichiro Adachi, Counselor at the Japan Research Institute, specializes in industry research and company evaluation from the perspective of environmental management and CSR.

Date: June 20, 2013 Venue: INPEX Corporation Headquarters (Akasaka, Tokyo)



External Expert

Takeo Kikkawa

Professor
Graduate School of
Commerce and
Management
Hitotsubashi University

External Expert

Eiichiro Adachi

Counselor
The Japan Research
Institute, Limited

INPEX CORPORATION

Seiji Yui

Director
Senior Managing Executive
Officer

INPEX CORPORATION

Wataru Tanaka

Director
Managing Executive Officer

INPEX CORPORATION

Masatoshi Sugioka

Representative Director
Vice Chairman

Expectations Placed on INPEX in View of the Energy Situation in Japan and in the World

The main point of CSR activities is how to respond from the view point of the public eye

Yui: With the global energy demand expected to expand in the long term, the shift to natural gas and the increased use of renewable energy are attracting much attention. The competition over energy resources is becoming increasingly intense. In this context, aiming at securing a stable supply of energy, which is our first and foremost mission, we develop our business to achieve our three growth targets of Continuous Enhancement of E&P Activities, Strengthening Gas Supply Chain, and Reinforcement of Renewable Energy Initiatives while keeping a constant awareness of our corporate social responsibility as a global company.

Kikkawa: While Japanese nuclear plants stay idle, according to an

announcement in the recent report of the Electricity Supply – Demand Verification Subcommittee, the increase in fossil fuel costs amount to a 3.8 trillion yen outflow of national wealth per year. This is equivalent to 30 thousand yen per citizen, babies included. The Ichthys LNG Project has its importance, because INPEX conducts it as the operator. Japanese citizens may not be expecting only that INPEX secures supply sources, but also that it finds how it relates to a reduction of fuel costs in Japan.

Sugioka: We also recognize this point. We are making efforts for shale gas development in Canada, too. Having a wide range of supply sources to select from, for example new resources or different regions, will eventually benefit Japan. Having said that, relations with the countries where resource development takes place must also be taken into account, and positive results cannot be expected immediately.

Tanaka: We must keep in mind that no one can predict that shale gas price or crude oil price will be. As a Japanese company, we attach a great value to diversification.

The concept of saving must be incorporated in order to contribute to a sustainable society

Adachi: The concept of saving is associated with the energy. The demand can be reduced by devising new technologies and ingenuity to gain certain utility. I believe it would be useful if we could incorporate this concept a little bit more into our thinking about energy in Japan, to find one possible way toward a sustainable society.



Sugioka: In June 2013, we newly established Gas Supply & Infrastructure Division, which is responsible for supervising all gas-related operations, from upstream to downstream. The mission of the Division is related to what you are referring to. When we will transport to Japan the LNG developed by us, and contribute to multifunctional uses of energy through our gas supply infrastructure, we will consider ourselves blessed as an energy company.

Taking advantage of the strengths of our Group to focus on geothermal development

Kikkawa: Of all renewable energies, geothermal power seems the most promising to me. Japan has the third largest geothermal potential in the world, and when it comes to finding geothermal resources with reliability, its necessary using methods with low environmental load and INPEX can make the most of the technologies it holds. Considering that you have already begun full-scale studies for commercialization in Hokkaido and Akita Prefectures, while engaging in environmental protection, I feel that possibilities are immense. In addition, Indonesia, where INPEX is conducting the Abadi LNG Project as the operator, is also a country rich with geothermal resources. By making a contribution through these technologies, you could bring diversification to this partner country.

Sugioka: Since the Indonesian government and INPEX are both extremely focused on geothermal power, we are now consulting each other with a view to achieving something together.

Yui: Gas consumption is currently increasing in Indonesia, and as a result, we are now requested to supply to the domestic market from our own production. I think we can create win-win relationships, not only through oil and gas projects, but also through projects conducted with considerations for local contributions. Geothermal energy is extremely important in this perspective.

Kikkawa: Through the development of its projects, INPEX is able to earn trust from partner countries. Continuing this kind of operations is extremely important.



Response to Global Management Issues

INPEX's unique business style is a key to building trust relationships

Adachi: In June 2013, the Equator Principles^{*1}, under which private banks lend money in project finance, have been updated, their conditions becoming very demanding. As an international standard, these principles have to be applied. For companies positioned as operators, like INPEX, they are a cause for cost increases. In view of this situation, what kind of considerations will you have for the regions where you operate, and how will you be accepted locally? In this respect, I believe that various elements are stacked on top of each other, including employment and human rights. I have heard that the Ichthys LNG Project began with the drafting of policies regarding the indigenous people, even though it meant an increase in cost. This could be a model case for Japanese companies.

Sugioka: When we are working in the global arena, there are always major companies operating next to us. If we want to be accepted locally, we must do as they do. In our jargon, we call this the "License to operate". In Australia, this led us to sponsor the construction of a vocational training school intended mainly for aboriginal people, something we did before making the final investment decision for the Ichthys LNG Project. This way of interacting with local communities is applauded because of the sensibleness and flexibility we show, something unique to Japanese companies.



Kikkawa: In the regions where you operate, your educational support for younger generations seems to match local needs very well. In other words, INPEX is a company that works for the well-being of people in its regions of activity. This is INPEX's approach to global issues, one step beyond what oil major companies do, and an important point in my view.

^{*1} Equator Principles: International principles of action established for evaluating and managing the risks of socio-environmental impacts in project finance transactions, in order to avoid or mitigate environmental loads stemming from development

Important point is greenhouse gas countermeasures on a global scale

Kikkawa: It is essential to manage the issue of climate change with a broad perspective. Simply put, this is the domain of the Joint Crediting Mechanism (JCM)^{*2}, but I think companies that use fossil fuels must create a mechanism for further reductions of CO₂ emissions in the world.

Adachi: As for the issue of global warming, international rules seem to have been postponed, but a sudden change is possible. The Joint Crediting Mechanism can help prepare for it. However, it must begin with correct

measurements. Even though Japanese companies find it difficult to enter this scheme, because it seems to involve costs, I hope that INPEX, by keeping detailed records and measuring effects, will adopt this initiative.

Sugioka: We recognize it as an issue we should tackle voluntarily. In the spring of 2012, to study the global strategy of INPEX on greenhouse gases, we have established a subcommittee which includes Australian employees, and have begun creating a framework. We will develop a strong system before the Ichthys LNG Project enters the production stage.

Yui: Because our projects in Australia have an extremely important impact, implementing greenhouse gas countermeasures on a project basis will significantly contribute to environmental consideration. One of the means is CCS (Carbon Capture and Storage), and it is precisely something that can be done as an extension of the technologies we possess as an E&P company.



*2 Joint Credit Mechanism: Through the diffusion of greenhouse gas reduction technologies, products, systems, services, and infrastructure, as well as the implementation of mitigation actions in developing countries, this mechanism evaluates contributions to greenhouse gas emission reductions or removals from Japan in a quantitative manner, and uses those emission reductions or removals to achieve the emission reduction targets of Japan

Developing Global Human Resources who Share the Same Ideas

**employer of choice
(Make INPEX the best place to work)**

Tanaka: People from over 20 countries all over the world are involved in the Ichthys LNG Project. This is why we have formulated the INPEX HR VISION, composed of four key pillars, to promote various personnel initiatives from a global perspective and share the same ideas group-wide. To formulate this vision, we held Global HR Conferences in Jakarta and Tokyo, during which Australian and Indonesian staff gathered and exchanged opinions. Based on the idea of becoming “INPEX, the company where people want to work”, we placed “Make INPEX the best place to work” at the top of the four key pillars of our vision.

Adachi: I feel that INPEX will have to make a decision as to whether it considers itself a Japanese company or emphasizes its identity as an energy supply company of global scale. My impression is that in the future, the idea of supplying energy to Japan may not be enough to sustain the motivation of foreign employees.

Tanaka: I am reverting to the topic of Indonesia, which we covered earlier. In my mind, if we are able to help a region with its needs, for example in



geothermal energy development, its volume of oil and gas exports will rise accordingly, supporting a new capacity to meet the global energy demand, which could result in a contribution to the supply of energy to Japan.

Diversity as an index of globalization

Adachi: On the topic of globalization, incidentally, verbal communication is also one of the strengths of women. By making sure to hire human resources with excellent communication skills and employ them, INPEX could become the most accepted company in the countries where it operates.

Kikkawa: When judging whether a company is globalizing or not, one has just to look at its diversity. It is an extremely important index, which will give an immediate answer.

Sugioka: Although measures to promote women empowerment are still insufficient in Japan, compared with overseas projects, half of the staff are female in the HSE Department I am responsible for, and they work at the forefront of our overseas and domestic activities. From a global perspective, we intend to continue to actively hire more woman.



A development expected to leave its mark in Japanese business history

Kikkawa: To conclude, I believe that the role of the state has been to disseminate the most efficient methods, while that of private companies has been to develop best practices and pioneer new fields. In my view, INPEX has been able to grow this much because of its strong private-sector spirit, and I hope it will continue with the same determination in the future.

Adachi: It is not especially common in Japanese companies where management states clearly its will to continue steady CSR efforts, including initiatives on the environment and human rights, in spite of the increased costs. Business activities necessarily involve positive and negative impacts, and this is where the debate starts. I hope that INPEX will set examples, so that Japanese companies can easily understand this approach.

Sugioka: In our experiences of working jointly with oil major companies, the more we know our partners, the more we feel the magnitude of difference between their efforts and ours. Catching up with such companies is what our medium- to long-term vision is about. However, towards the achievements of its targets, we will first focus on the smooth launching of the Ichthys LNG Project. I believe that once the targets are achieved, we may be able to say with a little more confidence that we have become a company worthy of everyone's expectations. In that respect, we hope to continue benefiting from your support. Thank you very much for providing a lot of valuable remarks today.

Targets and Results of CSR Promotion Activities in FY2012

Key CSR Issues (Starting point and Vision)		Sub-issues	FY2012 Results
 Comply with laws and societal norms (including consideration for human rights)	[Starting Point] When conducting business, observe international norms such as laws, regulations, and other rules, including those related to human rights, and social norms of where we operate.	Compliance	<ul style="list-style-type: none"> Established Business Principles and reviewed Code of Conduct Introduced and implemented a system in which each workplace has a designated employee in charge of compliance promotion at INPEX Discussed and made preparation for establishing a guideline of bribery prevention and implemented compliance measures at INPEX subsidiaries in Australia and Indonesia Held information security training for INPEX officers and employees (participation rate: 95.8%)
	[Vision] Go beyond simply complying with laws and regulations to being properly attentive to various social norms including those of where we operate. Executives and employees will initiate actions that reflect high ethical standards. As a result, we will be highly regarded globally.	Respect for human rights International initiative	<ul style="list-style-type: none"> Held human rights training for INPEX employees Held a workshop for raising awareness of the aboriginal culture at INPEX's Australian subsidiaries Asked for compliance with INPEX's Code of Conduct at worksite briefings for suppliers of materials and services and contractors. Defined HSE Policy and antisocial forces elimination policy in contracts Participated in working groups of the UN Global Compact Japan Network (GC-JN) Participated in the Extractive Industry Transparency Initiative (EITI)
 Practice safety and environmental protection in operations	[Starting Point] Reduce environmental impact in daily operations, conduct and manage activities that address environmental risks, and conduct activities to conserve biodiversity and ensure safety when conducting business.	Safety and environmental management	<ul style="list-style-type: none"> Implemented activities in the INPEX Group based on corporate HSE (Health, Safety, Environment) objectives and corporate HSE programs for fiscal 2012. Adopted the Performance Standards and HSE Guidelines of the International Finance Corporation (IFC) as the INPEX Group's internal standards. Lost time injury frequency (LTIF*2): 0.77, Total recordable injury rate (TRIR*3): 4.05
	[Vision] Ensure safety for all employees in all projects (including those of contractors), and conduct operations without allowing major accidents. Exceed legal and regulatory requirements to minimize environmental impact, and conduct operations while being attentive to biodiversity and environmental risks such as those posed by leakages. As a result, we will exhibit superior safety and environmental performance.	Biodiversity	<ul style="list-style-type: none"> Monitored the impact on marine life in projects in Australia Performed studies to evaluate the impact on the environment for projects in Indonesia and Malaysia Performed studies to evaluate the impact on marine environment before operation starts at Naoetsu LNG Terminal
 Build trust with and contribute to local communities (including education)	[Starting Point] Strive to communicate with governments, local residents, NGOs and other public stakeholders in the countries and areas where we operate, determine their needs, approach them based on our business relationship and take measures as necessary. This includes providing education for local residents.	Contribution to the development of local communities	<ul style="list-style-type: none"> INPEX's Australian subsidiary formulated the Reconciliation Action Plan (RAP) Activity of the INPEX Scholarship Foundation (the number of supported students in the 31st term: 6, the cumulative total number of supported students: 114 Indonesian students and 45 Japanese students) Conducted evaluations of the impact of our operations on the local environment and society for projects in Indonesia and Australia
	[Vision] Communicate adequately with stakeholders of where we operate, and conduct business in a form that contributes to the societal growth of such places while giving respect to local cultures, customs, etc.	Donation to local communities	<ul style="list-style-type: none"> Defined a basic policy and key areas (environment, educating and fostering future generations, and support for local communities) for building trust with and contributing to local communities Continued promotion of activities to contribute to local communities in areas where the INPEX Group operated CSR expenditure: 1.81 billion yen
		Support to areas affected by the Great East Japan Earthquake	<ul style="list-style-type: none"> Supported 214 employees participating in volunteer activities to restore damage from the earthquake disaster
 Address climate change	[Starting Point] Promote a range of activities related to research, development, and practical application of technologies for renewable energy and fossil fuels (CCS, methane generation, etc.), and programs to offset CO ₂ emissions through initiatives such as forest protection and tree planting. This also includes shifting from oil to natural gas.	GHG Management	<ul style="list-style-type: none"> Established the GHG*4 working group Extended the service agreement regarding the reforestation project in Australia Conducted screening of appropriate locations and development methods for CCS in Australia Invited indigenous businesses to tender for the Savanna Fire Management Project in the Northern Territory
	[Vision] Conduct operations with consideration for the various impacts to the climate of fossil fuel extraction. Develop and supply a diverse range of energies to combat climate change as we undertake technological development.	Development of renewable energy and research and development for new technology	<ul style="list-style-type: none"> Constructed a solar power generation system, INPEX Mega Solar Joetsu in Joetsu City, Niigata Prefecture, and started power generation. Conducted technical assessment in Hokkaido and Akita Prefectures as a preliminary study in an effort toward the commercialization of geothermal power generation. Awarded FY2012 the Japanese Association for Petroleum Technology Performance Award and the Japan Institute of Energy Award 2012 in Technical Division for the development of gas-to-liquid (GTL) technology (JAPAN-GTL process) Participated in the artificial photosynthesis project of the Ministry of Economy, Industry and Trade (manufacturing process technology development including solar hydrogen)
 Develop and utilize human resources as a global company	[Starting Point] Employ talented people, treat them, and assign them to the positions to which they are suited without discrimination on the basis of culture, national origin, creed, race, gender, or age.	Development of global human resources	<ul style="list-style-type: none"> Established the Global HR Strategy Planning Group at INPEX Formulated the INPEX HR VISION and shared it with general managers of overseas offices, HR personnel of subsidiaries and offices, and the Human Resources Division at INPEX Formulated an action program for global human resources management Conducted an employee satisfaction survey (response rate: 80%) at INPEX for the purpose of searching for the direction of the future revision of its human resources management system toward the realization of the medium- to long-term vision of INPEX Provided various specialized trainings including language training and overseas training to Japanese employees at INPEX (total number of participants: 102) Implemented the Emerging Leaders Program at the subsidiaries in Australia
	[Vision] Actively develop and utilize human resources appropriate for conducting operations globally. As a result, we will achieve a proper balance between business growth and employee satisfaction.	Promotion of diversity	<ul style="list-style-type: none"> Hired more foreign students and graduates of overseas universities Formulated the INPEX@heart Program at INPEX's Australian subsidiaries for the purpose of creating the common value of employees Percentage of physically challenged employees in total employment: 2.1% achieved
		Support of diverse ways to work	<ul style="list-style-type: none"> Promoted work-life balance at INPEX and was awarded the Kurumin Mark by the Ministry of Health, Labour and Welfare.

*1 ISO26000: "International Standard for guidance on social responsibility for organizations" adopted by the International Organization for Standardization (ISO) in November 2010

*2 LTIF: Rate of injuries resulting in fatalities or lost time per million hours worked

In order to improve its CSR activities continuously, INPEX has established medium- to long-term issues to be promoted and targets for five key CSR issues on the basis of the approach of ISO26000*1 and working on them by the PDCA cycle. We sincerely hope to have your feedback on the following report of major targets and results of our CSR activities. In light of stakeholders' opinions, we will evaluate and improve our activities.

	FY2013 Plan	Medium-term targets by the end of FY2015
	<ul style="list-style-type: none"> • Create a manual and offer training for the Code of Conduct • Create and enforce a guideline of bribery prevention, and implement a corporate-wide awareness-enhancing program at INPEX and its subsidiaries in Australia and Indonesia • Globalize information security training 	<ul style="list-style-type: none"> • Continue compliance promotion and enhance awareness of compliance promotion • Regularly hold information security training and enhance awareness of information security
	<ul style="list-style-type: none"> • Continue human rights training for INPEX employees and share cases of relevant internal initiatives in the Group • Continue holding a workshop for raising awareness concerning the aboriginal culture at INPEX's Australian subsidiaries • Develop a system for confirming compliance with INPEX's Code of Conduct by suppliers of materials and services and contractors 	<ul style="list-style-type: none"> • Spread understanding and awareness of human rights issues in the INPEX Group by globalizing human rights training • Develop a mechanism for prompting suppliers of materials and services and contractors to consider human rights and a system for monitoring it.
	<ul style="list-style-type: none"> • Participate in working groups of the UN GC-JN and EITI Global Conference. Share and spread relevant information in the INPEX Group • Join the International Petroleum Industry Environmental Conservation Association (IPIECA) 	<ul style="list-style-type: none"> • With regard to the UN Global Compact: Implement measures based on ten principles of the UN Global Compact in four fields of human rights, labor, environment, and anti-corruption in every area of INPEX's business operations. With regard to EITI: Support introducing EITI principle to countries where we implement operator projects
	<ul style="list-style-type: none"> • Implement activities based on the second corporate HSE medium-term plan, FY2013 corporate HSE objectives, and FY2013 corporate HSE programs (to ensure risk management for major accidents, to implement HSE management at a global level, to raise the level of emergency response and crisis management abilities, and to implement greenhouse gases emissions control, etc.) • Promote initiatives to be compliant with IFC Performance Standards • Obtain a third party certification regarding environmental performance data (greenhouse gas, water, and energy consumption) • Prevent major accidents (LTIF target: 0.38, TRIR target: 2.01) 	<ul style="list-style-type: none"> • Ensure environmental and safety management based primarily on the second corporate HSE medium-term plan • Spread and adopt HSE corporate culture to contractors • Continuously expand the boundary and scope of third party certification concerning HSE performance data • Prevent major accidents (LTIF target: 0.24, TRIR target: 1.59) • Regularly provide internal training to ensure safety
	<ul style="list-style-type: none"> • Participate in Biodiversity and Eco System Working Group jointly managed by OGP and IPIECA • Continue monitoring the impact on marine life in projects in Australia • Create and implement a management plan concerning biodiversity conservation in accordance with studies to evaluate the impact on the environment for projects in Indonesia and Malaysia • Conduct activities aimed at reducing load on marine life in Suriname Project • Continue studies to evaluate the impact on marine environment before operation starts at Naoetsu LNG Terminal • Greening open space in Naoetsu LNG Terminal (25% of the total area) 	<ul style="list-style-type: none"> • Continuously implement measures for biodiversity conservation such as monitoring
	<ul style="list-style-type: none"> • Put into practice the Reconciliation Action Plan (RAP) at INPEX's Australian subsidiary and disclose its annual achievements • Activity of the INPEX Scholarship Foundation (the number of students to be supported in the 32nd term: 5) • Create and implement a management plan based on the evaluations of the impact of our operations on the local environment and society for projects in Indonesia and Australia 	<ul style="list-style-type: none"> • Promote measures to support the development and self-sustenance of the local communities
	<ul style="list-style-type: none"> • Continued promotion of activities to contribute to local communities in areas where the INPEX Group operate • CSR expenditure: 1.52 billion yen 	<ul style="list-style-type: none"> • Continue communication with stakeholders and implement community contribution activities in cooperation with them
	<ul style="list-style-type: none"> • Continue to support employees participating in volunteer activities to restore damage from the earthquake disaster 	<ul style="list-style-type: none"> • Continue to support employees participating in volunteer activities to restore damage from the earthquake disaster
	<ul style="list-style-type: none"> • Establish the GHG management framework through the GHG working group • Have the reforestation project in Australia registered as a carbon offset program and generate carbon credit units • Conduct CCS feasibility study for a project in Australia • Develop an optimal structure for implementing the Savanna Fire Management Project in Australia 	<ul style="list-style-type: none"> • Promote activities in accordance with the GHG management framework • Promote GHG offset programs (fire management in Savanna and reforestation) in Australia and consider the continuation of CCS
	<ul style="list-style-type: none"> • Promote the project of the solar power generation system, INPEX Mega Solar Joetsu (maximum output: 2,000kW) • Drill exploration wells and conduct technical assessment in Hokkaido and Akita Prefectures in an attempt aiming at the realization/commercialization of geothermal power generation • Promote the commercialization of the JAPAN-GTL process • Continue support for the artificial photosynthesis project of the Ministry of Economy, Industry and Trade (manufacturing process technology development including solar hydrogen) 	<ul style="list-style-type: none"> • Promote research and development concerning technology contributing to responses to climate change in accordance with the medium- to long-term roadmap • Continue surveys toward the commercialization of geothermal power generation
	<ul style="list-style-type: none"> • Start creating the foundation for a human resources management system appropriate to a global company (establishing globally common positions and job grades, reviewing mobility packages, and unifying and formulating various policies) • Feedback the result of the employee satisfaction survey to employees • Continue providing various specialized trainings at INPEX 	<ul style="list-style-type: none"> • Define the globally common pool of human resources and implement human resources management programs at a global level • Implement a human resource development program encompassing the entire Group (job-category-based and level-tailored global training programs)
	<ul style="list-style-type: none"> • Conduct the Engagement Survey of employees at subsidiaries in Australia. Specify an INPEX@heart culture program for improving the relationship between their employees and INPEX on the basis of the result of the survey • Maintain the percentage of physically challenged employees in total employment at or above the legally required level 	<ul style="list-style-type: none"> • Create a workplace where employees can work regardless of nationality/disability/age: <ul style="list-style-type: none"> 1) Hire more employees of foreign nationality 2) Maintain the percentage of physically challenged employees in total employment at or above the legally required level • Implement activities for improving the awareness of diversity culture in workplaces and society based on the human resource management strategy plan of INPEX's Australian subsidiaries.
	<ul style="list-style-type: none"> • Implement the second action plan (FY2012-2014) based on the Act on Advancement of Measures to Support Raising Next-Generation Children <ul style="list-style-type: none"> 1) Promote to take annual paid vacations and measures for reducing overtime work 2) Notify and provide information for internal systems related to pregnancy, childbirth, and child rearing 3) Prepare workplace environments where they can take leave for childcare with peace of mind and return to the job 4) Attain the targeted rate for taking childcare leave 5) Support the growth of children and youth through interchange with the community and other measures 	<ul style="list-style-type: none"> • Continue the implementation of the second action plan (FY2012-2014) based on the Act on Advancement of Measures to Support Raising Next-Generation Children and make it an established part of INPEX

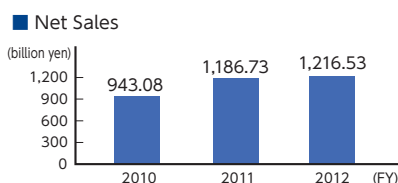
*3 TRIR: Rate of recordable injuries (fatalities, lost time, restricted workdays, and medical treatment) per million hours worked

*4 GHG: Greenhouse gases

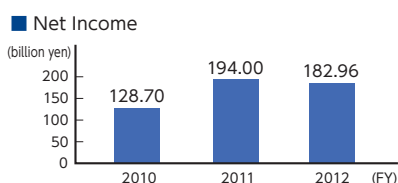
Major CSR Data

Economic Data

Net Sales (Consolidated)

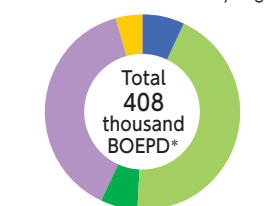


Net Income (Consolidated)



Net Production by Region (Consolidated)

■ FY2012 Net Production by Region

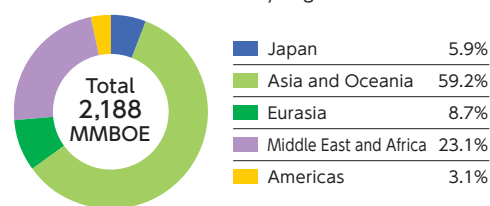


*Barrels of oil equivalent per day

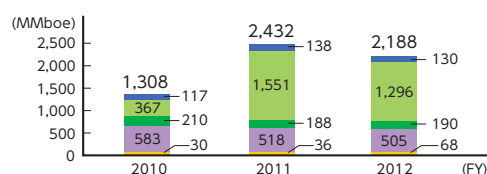
Japan	7.1%
Asia and Oceania	43.8%
Eurasia	6.1%
Middle East and Africa	38.7%
Americas	4.2%

Proved Reserves by Region (Consolidated)

■ FY2012 Proved Reserves by Region

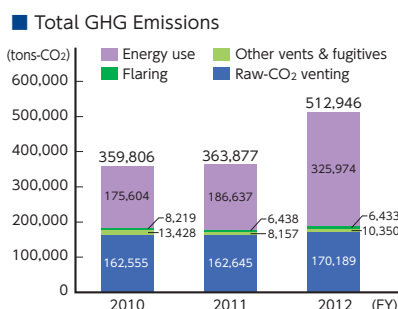


■ Proved Reserves



Environmental Data

Total GHG Emissions



■ FY2012 Breakdown of GHG Emissions by Type
(CO₂: tons, CH₄ & N₂O: tons-CO₂)

Type	FY2010	FY2011	FY2012
CO ₂	346,357	355,601	501,536
CH ₄	13,428	8,161	10,516
N ₂ O	21	114	894



Environmental performance data concerning domestic GHG emissions, energy consumption, volume of water sources used, and wastewater discharge have undergone the third party verification by Bureau Veritas Japan Co., Ltd.

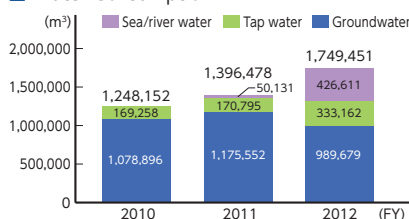
Energy Consumption

■ Energy consumption by international and domestic areas

Country	Project	FY2010	FY2011	FY2012
Australia	Ichthys	138,579	27,429	1,352,055
Indonesia	Masela	37,346	46,938	26,840
Libya	INPEX Libya	50,551	0	0
Venezuela	Gas Guarico/Moruy	22,806	29,399	45,195
Egypt	West Bakr	194,173	128,353	0
Malaysia	Offshore Sabah Block	0	0	147,463
Suriname	Suriname	0	0	0
Japan	Operations in Japan	3,546,361	3,741,334	3,640,870
Total		3,989,817	3,973,453	5,212,424

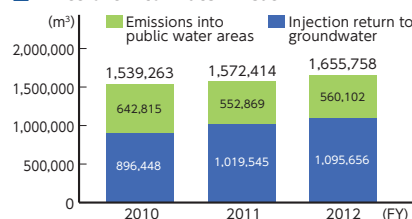
Water Consumption

■ Water Consumption



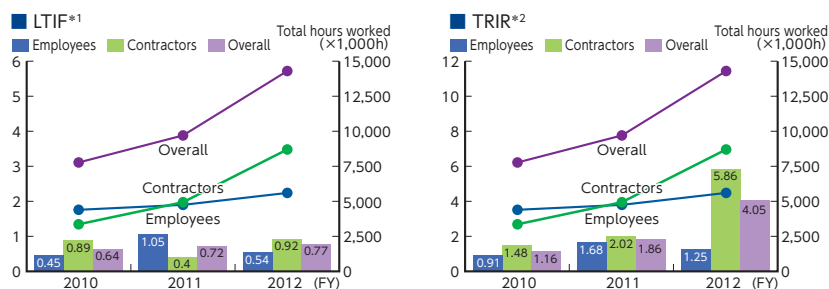
Emissions into Water Areas

■ Emissions into Water Areas



Safety and Health Data

Accident Frequency



*1 LTIF (Lost time injury frequency): Rate of injuries resulting in fatalities or lost time per million hours worked

*2 TRIR (Total recordable injury rate): Rate of recordable injuries (fatalities, lost time, restricted workdays, and medical treatment) per million hours worked

Number of Work-related Accidents

■ Number of Work-related Accidents

Type	FY2010	FY2011	FY2012
Fatalities	0	0	0
Lost time injury	2	4	3
Restricted workday injury	0	1	1
Medical treatment injury	2	2	3

*Upper field: Employees, Lower field: Contractors

Major CSR data for the INPEX Group are listed.

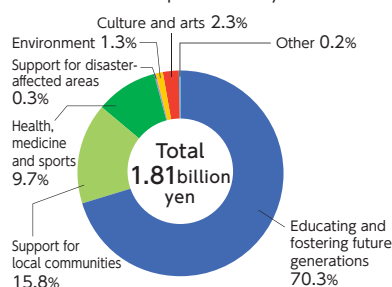
Scope of reporting: INPEX CORPORATION and its 61 consolidated subsidiaries.

Reporting period: Although data for FY2012 (April 1, 2012 to March 31, 2013) are primarily listed, some data include yearly transition for the purpose of conveying more precise information.

Societal Data

Contribution to Society (Group)

FY2012 CSR Expenditure by Issue



CSR Expenditure by Issue

Issue	FY2010	FY2011	FY2012
Educating and fostering future generations	362.6	621.8	1,275.9
Support for local communities	83.4	523.5	286.6
Health, medicine and sports	4.7	40.9	176.7
Support for disaster-affected areas	200.7	29.0	6.3
Environment	80.4	18.1	23.2
Culture and arts	0.7	5.7	42.1
Other	33.1	6.3	2.9
Total	765.7	1,245.2	1,813.8

(million yen)

Employee Satisfaction (Unconsolidated)

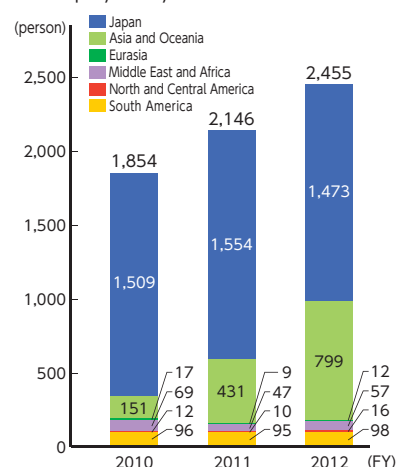
FY2012 Result of the Employee Satisfaction Survey

Element	Item	Satisfaction (point)
Senses of job fulfillment and adaptedness	I feel my current job worthwhile	3.8
	I believe I have grown through my current job	3.9
	I take pride in my current job	3.9
	I can take advantage of my strength in my current job	3.6
	My current job suits me	3.5
Loyalty to the company	My current job enables me to exert my ability sufficiently	3.4
	I am proud of being a member of INPEX	4.0
	I am glad that I joined INPEX	4.2
	INPEX values its employees	3.7
	INPEX's business contributes to society	4.2
Total	INPEX's corporate culture suits me	3.6
	Total	3.8

* Satisfaction rating shows average points out of 5 (5-point scale)

Employees (Group)

Employees by Areas



FY2012 Female and Foreign Employees

(person) *Figures in parentheses denote percentage

Category	Female	Foreign nationals
Number of employees	428 (17.4)	779 (31.7)
Managerial staff	20 (2.8)	108 (15.4)
Directors and officers	0	0

Employee Data (Unconsolidated)

FY2012 Employee Data

Category	Male	Female	Total
Number of employees	1,096	208	1,304
Average length of service	16.3	11.5	15.6
Number of staff hired	New graduate hires	43	10
	Mid-career hires	22	5
Number of staff turnovers	Under 30 years	1	4
	30-60 years	8	4

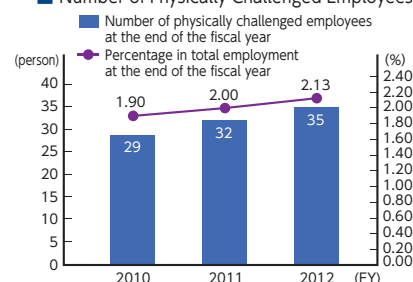
* The total of the average length of service shows the average of all employees (unconsolidated)

Number of Staff Turnovers

Number of Staff Turnovers		(person)
	Category	Number
Male	Under 30 years	1
	30-60 years	8
	Total	9
Female	Under 30 years	4
	30-60 years	4
	Total	8
Number of Staff Turnovers (Unconsolidated) *Figures in parenthesis denote the staff turnover rate		17(1.3)

* Excludes age-limit retirees and employees resigned as executives

Number of Physically Challenged Employees



Pleasant Work Environment (Unconsolidated)

Number of Employees Taking Parental and Nursing Care Leave

	FY	Number of employees taking maternity leave	Parental leave system	Reduced working hours system for child rearing	Child healthcare leave	Assistance for nursery schools, day care centers, and babysitter	Nursing care system	Reduced working hours for nursing care system	Special leave for family care
Male	2011	—	2	0	4	35	1	0	0
	2012	—	2	5	5	38	0	0	4
Female	2011	3	11	17	15	12	0	0	2
	2012	8	12	17	17	15	1	1	4
Total	2011	3	13	17	19	47	1	0	2
	2012	8	14	22	22	53	1	1	8

(person)

Human Resource Development (Unconsolidated)

FY2012 Number of Participants in Training Programs

Program	Number of participants
Level tailored training	281
Language training	16
Business skill training	138
OJT (2012-)	49
Overseas office training	17
Overseas specialized training (2012-)	107
HSE training (2012-)	97
Overseas study	4



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INPEX CORPORATION

Research & CSR Group
Corporate Strategy & Planning Unit
Akasaka Biz Tower 32nd Floor
5-3-1 Akasaka, Minato-ku, Tokyo, JAPAN 107-6332
Phone: +81-3-5572-0231 <http://www.inpex.co.jp/>

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