

## Details on Ethical Procurement Guideline

### I. Scope

1. Procurement activities are those relating to contracts for purchasing (purchases of materials and equipment services and construction), renting (borrowing, renting and leasing of materials and / or equipment), and other related activities.
2. This guideline applies to any and all employees engaged in procurement activities in the logistics divisions.

### II. Basic Guidelines for Procurement Activities

1. To ensure transparency and establish fair and open procurement activities.
2. To strive to create a symbiotic relationship with suppliers based on mutual trust and equal standing.
3. To comply with and implement applicable laws and the INPEX Corporate Social Responsibility Policy.
4. To conduct procurement activities with consideration of their effects on resource protection and environmental conservation.

### III. Contract Negotiations with Suppliers / Department Responsible for Execution of Contract

1. The logistics division will on behalf of the company carry out negotiations and selection of suppliers having responsibilities for agreements on pricing, deliveries, etc. concerning procurement activities.

### IV. Principles toward Suppliers and Prospective Suppliers, and Evaluation of Suppliers

1. To establish sound personal relationships with supplier's person in charge, paying close attention to be neither superior nor subservient in attitude toward suppliers.
2. To respond with sincerity to prospective suppliers who have made business inquiries, and provide any information necessary for the pursuit of business. Furthermore, when offers of prospective business suppliers cannot be accepted, to clearly notify him / her of the reason(s), and to avoid using language and behavior creating a wrong impression that the inquiry is unwelcome.
3. To promote cultivation of new and healthy suppliers in addition to existing suppliers by reviewing and reassessing business agreements as necessary, in order to procure the best possible materials and services.

V. Selection of RFQ recipients and Contractors

In order to select RFQ (Request for Quotation) recipients and contractors,

1. To provide opportunities of participation to prospective suppliers interested in pursuing business with the company for the first time, irrespective of geographic location or scale of operation, in selection of RFE recipients.
2. To select RFQ recipients and contractors based on a fair, impartial and transparent evaluation, without being influenced by personal preferences, feelings and/or interests.
3. To select a contractor among RFQ recipients from which it is possible to procure in the most advantageous conditions from viewpoints of comprehensive evaluation of price, quality, delivery date, value engineering, customer support, troubleshooting, technological development capabilities, management stability, and rapid response to all requests for review, etc.
4. To refrain from language and behavior creating a sense of injustice or uncertainty to prospective suppliers that were not selected as RFQ recipients and/or RFQ recipients that were not selected as contractors.

VI. Fair and Impartial Treatment of RFQ Recipients When Requesting and Evaluating Quotation

1. To openly disclose information, such as scope and contract conditions, specifications, etc., to all RFQ Recipients deemed potential contractors when requesting and evaluating quotations.
2. Refrain from intentionally altering scope, estimate and contract conditions, specifications, etc. and/or estimate values in order to give a favor to a particular RFQ recipient, when requesting and evaluating quotations.

VII. Creation of Written Contracts

1. To ensure all language contained in written contracts, including purchase orders, agreements, memoranda, etc., is clear and concise.
2. The logistics division shall determine the terms and conditions stipulated in written contracts based on the understanding and agreement with the technical and non-technical divisions involved in procurement activities and the contractor(s).

VIII. Confidentiality

1. To refrain from divulging proprietary information pertaining to the company, other than that required for procurement activities by suppliers and prospective suppliers.
2. To refrain from divulging proprietary information pertaining to suppliers and prospective suppliers gained by the company through procurement activities to third parties.

IX. Legal Compliance

1. All personnel involved in procurement activities must understand they are acting on behalf of the company when undertaking contract dealings, and will fully understand and comply with all related laws, including Antimonopoly Act, Subcontract Act, Worker Dispatching Act, Construction Business Act, etc., as well as social norms.
2. To adhere to and uphold the INPEX Corporate Social Responsibility Policy when conducting procurement activities.

X. Green Procurement

1. To select and procure equipment, materials and services based on the company's Health, Safety, and Environmental Policy, with due consideration of the environment.
2. When selecting RFQ recipients and contractors, to include where appropriate environmental initiatives, such as green procurement implementation, etc., undertaken by prospective suppliers and RFQ recipients in the evaluation criteria, in addition to taking into account the conditions as stipulated in clause , V, sub-clause 1 and 3 of this guideline.

XI. Conflict of Personal Interest

1. To refrain from establishing personal connections with suppliers and/or prospective suppliers.
2. To decline any gift(s) to be presented by suppliers and/or prospective suppliers of which value exceeds socially acceptable norms.
3. To decline any offer(s) of entertainment by suppliers and/or prospective suppliers of which value exceeds socially acceptable norms.

XII. Revision

1. Revision to this guideline is subject to an approval of the President & CEO of

the company.

#### Supplementary Provision

This guideline becomes effective on 1<sup>st</sup> of October, 2008.

1<sup>st</sup> edition on 1<sup>st</sup> of October, 2008