

# Supplier Code of Conduct Guidelines

INPEX CORPORATION



## **Table of Contents**

|  |                  |
|--|------------------|
| <b><u>1. Introduction .....</u></b>  | <b><u>3</u></b>  |
| <b><u>2. Supplier Code of Conduct: Explanations and Possible Responses</u></b> |                  |
| <b><u>2-1. Human Rights and Labor Rights.....</u></b>                          | <b><u>4</u></b>  |
| <b><u>2-2. Fair Business Practice.....</u></b>                                 | <b><u>7</u></b>  |
| <b><u>2-3. Environment.....</u></b>  | <b><u>9</u></b>  |
| <b><u>2-4. Confidentiality.....</u></b>  | <b><u>10</u></b> |
| <b><u>2-5. Local Community.....</u></b>  | <b><u>11</u></b> |
| <b><u>2-6. Whistle-blower System and Grievance Mechanism.....</u></b>          | <b><u>12</u></b> |
| <b><u>2-7. Disclosure.....</u></b>   | <b><u>13</u></b> |
| <b><u>3. Conclusion.....</u></b>   | <b><u>14</u></b> |

## **1. Introduction**

As a pioneer in energy transformation, INPEX will fulfill its dual social responsibilities of “delivering a stable supply of energy” while “realizing a net zero carbon society by 2050”. We will strive to secure stable supplies of diverse and clean energy—ranging from oil and natural gas to hydrogen and renewable energies—to contribute to the prosperity of society and enhance our corporate value.

This ambition will require a step up of environmental, social and governance (ESG)-related efforts not only within INPEX but across the whole supply chain, for which we ask for the cooperation of our suppliers and contractors. Our expectations are formally captured in our Supplier Code of Conduct, issued in 2022.

This companion document, our Supplier Code of Conduct Guidelines, has been subsequently developed to provide explanations and possible responses to our ESG-related expectations that may help suppliers and contractors to better understand and comply with the Supplier Code of Conduct when implementing ESG initiatives within their business operations. We therefore request that each of our suppliers and contractors refer to these guidelines, and urge them to ensure their own suppliers are fully informed of and comply with all expectations, to promote a comprehensive understanding of and compliance with our Supplier Code of Conduct across the supply chain.

## **2. Supplier Code of Conduct: Explanations and Possible Responses**

### **2-1. Human Rights and Labor Rights**

#### **(1) Ensuring no use of forced, prison or compulsory labor.**

[Explanation] Employees shall have the freedom to choose their occupation and the freedom to leave their job at their own free will. All labor shall be voluntary and conducted without force or constraints. Forced labor, slave labor, or human trafficking is strictly prohibited.

#### **(2) No use of child labor.**

[Explanation] The International Labor Organization (ILO) core labor standard states that children under the age of 15 shall not be employed. It also states that workers under the age of 18 shall not be employed in jobs that threaten their health and safety.

#### **(3) No discrimination in hiring, compensation, and other forms of treatment based on reasons other than rational factors such as the ability and aptitude of the individual. No unfair dismissal.**

[Explanation] No actions shall be taken that potentially lead to discrimination in terms of wages, promotions, compensation, education, or recruitment and employment practices. Discriminatory actions are those that may compromise fair treatment on the grounds of race, skin color, age, birth, gender, sexual orientation, gender identity or expression, ethnicity or nationality, disability, pregnancy, childcare or family care, or religion. Furthermore, the results of medical or physical examinations, including pregnancy and health checkups, shall not be used to discriminate in terms of recruitment or treatment.

#### **(4) Respecting the human rights of employees, with no inhumane treatment such as abuse, harassment, bullying, or retaliation.**

[Explanation] Physical or mental abuse and harassment against employees (physical punishment, sexual abuse, sexual harassment, power harassment, mental or physical oppression, verbal abuse, etc.) are examples of inhumane treatment, which is strictly prohibited.

**(5) Provision of wages and benefits that meet or exceed the national legal requirements.**

[Explanation] Wages must be at levels sufficient for workers to not only meet their basic living needs (clothing, food, and housing) but also allows them to pursue leisure activities. In addition, compensation for overtime work shall be paid to employees in accordance with local laws and regulations.

**(6) Compliance with all applicable legal regulations on working hours.**

[Explanation] Excessively long working hours can have a cumulative effect on employee fatigue, leading to lower productivity, increased employee turnover, and increased incidence of injury and illness. Therefore, working hours shall not exceed limits stipulated by local laws. Any overtime work must be voluntary on the part of the employee. Appropriate leave and holidays must also be provided to employees.

**(7) Respecting the freedom of employees to: associate without retaliation, intimidation, bullying, or harassment; join a labor union; and engage in protests; participate in collective bargaining agreements; and provide opportunities for labor-management dialogue.**

[Explanation] Companies shall respect the right of employees to voluntarily join a labor union and participate in collective bargaining, while employees or their representatives shall be allowed to participate in union activities, communicate with management about work conditions and other matters, and collectively bargain without fear of retaliation, intimidation, or discrimination.

**(8) Ensuring a safe, hygienic, and healthy work environment and managing risks to workplace safety such as accidents, the use of hazardous chemicals, noise, and odors.**

[Explanation] Hazards and potential hazards in the workplace must be identified and measures must be implemented for employee safety. Examples of health and safety hazards in the workplace include: exposure to chemical substances; vehicle accidents; contact with electricity and other energy sources; and accidental falls. Examples of safety measures include: training on how to handle hazardous materials and machinery; checks and confirmations about work procedures; prevention of work-related illnesses; and keeping the workplace clean and tidy.

### Human Rights and Labor Rights: Possible Responses

- Establish rules of employment that stipulate working hours and wages, employee rights, and the exclusion of discriminatory treatment.
- Establish rules to prevent unfair labor (forced to work overtime, not pay excess overtime, etc.) and allow employees to form labor unions.
- Regularly provide training for internal employees with a focus on respecting human rights, preventing discrimination, and preventing harassment.
- To prevent, identify, and appropriately respond to labor and harassment violations, establish an internal whistle-blowing system, and conduct employee satisfaction surveys and other measures to understand actual situations.
- Establish an occupational health and safety committee.
- Establish a corporate human rights policy, implement human rights due diligence that includes the identification and analysis of potential human rights risks in your company and those of your business partners (supply chain) and countermeasures for those risks. Publicly disclose the results of these measures on your company website or other channels.

### INPEX Case Study

|   |                      |   |
|---|----------------------|---|
| 1 | <a href="#">LINK</a> | INPEX Group Human Rights Policy         |
| 2 | <a href="#">LINK</a> | Management of Health and Safety         |
| 3 | <a href="#">LINK</a> | Business Principles and Code of Conduct |
| 4 | <a href="#">LINK</a> | HSE Management System                   |

## **2-2. Fair Business Practice**

- (1) Maintain professional relationships with governments and civil servants, and not to provide, promise, or offer money, gifts, entertainment, or other economic benefits to improperly influence a business outcome.**

[Explanation] It is forbidden to provide money, goods, or other benefits to civil servants or others for improper or inappropriate purposes, or to provide items of value to them via third parties, whether directly or indirectly, with the intention of obtaining orders or approvals for government or public office projects.

- (2) Not to give or receive improper benefits from/to customers or business partners.**

[Explanation] Benefits shall not be obtained through dishonest practices, including bribery, corruption, blackmail, and embezzlement.

- (3) Not to engage in any illegal or unfair conduct such as fraud, bribery, corruption, cartels, collusion, or abuse of dominant bargaining position.**

[Explanation] It is forbidden for companies in the same industry to engage in price fixing to avoid competition and maintain prices for the purpose of obtaining exclusive benefits. Company activities must comply with competition laws of the relevant region. Violations may result in fines, suspension of designator contractor status, or other measures.

- (4) Avoid any real, potential or perceived conflicts of interest.**

[Explanation] Conflicts of interest is instead of the parties to the transaction benefiting from each other, one of them will be at a disadvantage.

- (5) Not to have any relationships whatsoever with antisocial forces or groups.**

[Explanation] Relationships (through employment, trade, etc.) shall not be maintained with individuals and organizations that form antisocial forces, such as organized crime groups, members of organized crime groups, and equivalent persons.

- (6) Not to engage in the infringement of intellectual property rights.**

[Explanation] The use and transfer of technologies and know-how must be done in a manner that protects intellectual property rights. Companies shall respect, and not

infringe on, the intellectual property rights (patent rights, design rights, trademark rights, copyrights, etc.), trade secrets, technical know-how, and other intellectual property of third parties.

#### **Fair Business Practice: Possible Responses**

- Establish guidelines to prevent bribery and corruption, raise awareness of the guidelines among employees, and regularly provide anti-bribery/anti-corruption training.
- Establish an information management policy, raise awareness of the policy to prevent infringement of rights, such as unauthorized use or acquisition of intellectual property of third parties, including customers and suppliers, and illegal copying of software or books, and regularly provide information management training.
- Incorporate provisions in business partner contracts that require compliance with laws and regulations to prevent corruption, and exclusion of antisocial forces.

#### **INPEX Case Study**

|   |                      |  |
|---|----------------------|--|
| 1 | <a href="#">LINK</a> | INPEX Group Global Anti-Bribery and Anti-Corruption (ABC) Policy |
|---|----------------------|--|



## **2-3. Environment**

- (1) Comply with all applicable laws, regulations and standards relating to, and thereby minimize negative impacts of their business activities on, the environment and biodiversity and set voluntary targets for improvement as necessary.**

[Explanation] Companies must recognize their responsibility to the environment when manufacturing world-class products. Examples of international norms, laws, and regulations include ISO 14001 and the Eco-Management and Audit Scheme (EMAS). Examples of environmental and biodiversity impacts include water or air pollution by chemical substances, which can be hazardous to humans and the environment. Chemical substances must be properly handled, transferred, stored, used, recycled and reused, and disposed of in a safe manner.

- (2) Promote environmentally friendly voluntary initiatives, such as effective use of resources and energy, reduction of waste, and reduction of greenhouse gas emissions.**

[Explanation] Companies must respect Goal 13 (Climate Action) of the Sustainable Development Goals (SDGs), and implement initiatives to effectively use biomass and other resources and energy, to reduce waste through recycling and other efforts, and to reduce greenhouse gas emissions through promotion of energy efficiency and renewable energy use.

### **Environment: Possible Responses**

- Treat wastewater, emissions, and other waste generated through business activities in line with domestic and international laws and regulations.
- Develop products and services that reduce greenhouse gas emissions, adopt energy-efficient practices and renewable energy, and conduct environmental conservation and energy-efficient activities.
- When designing and developing products, reduce the use of non-renewable resources, reuse materials, and appropriately treat or recycle materials at the time of disposal.
- Establish an environmental policy, and develop your own environmental management system and procedures.

#### **INPEX Case Study**

|   |                      |                                      |
|---|----------------------|--------------------------------------|
| 1 | <a href="#">LINK</a> | Corporate Position on Climate Change |
|---|----------------------|--------------------------------------|

## **2-4. Confidentiality**

**Properly manage and protect personal information and confidential information obtained through business operations.**

[Explanation] The mismanagement of information such as leaks of inside or confidential information handled by individuals or companies, or the personal information of customers, employees, etc. could seriously impact a range of stakeholders in the supply chain, not only your company and customers. Therefore, information must be properly protected and not be used for improper purposes.

Companies must take preventive measures against cyberattacks and other threats to comply with the above objectives. In addition, companies shall establish rules related to company share trading to prevent employees from using undisclosed (non-public), inside information to trade in their own company's stock.

### **Confidentiality: Possible Responses**

- Establish an information security policy, appropriately handle the confidential and personal information of your company, business partners, customers, and third parties to prevent leaks, and maintain confidentiality.
- Regularly provide information security training for internal employees.

### **INPEX Case Study**

|   |                      |                             |
|---|----------------------|-----------------------------|
| 1 | <a href="#">LINK</a> | Information Security Policy |
|---|----------------------|-----------------------------|

## **2-5. Local Community**

**Minimize the negative impact of their business operations on local communities, and to contribute to local development.**

[Explanation] Recognizing they are members of society, companies must work to not only grow their own business but to coexist with and support the development of the communities in which they operate including residents, and conduct a range of social contribution activities. For this reason, companies are expected to conduct a variety of activities with the local community, including participation in engagement/exchanges and providing support for community initiatives. Companies must also respect the culture of the indigenous people in the areas in which they operate, and work with these stakeholders to achieve coexistence and co-prosperity.

### **Local Community: Possible Responses**

- Provide sponsorship and/or volunteers for community initiatives, such as for festivals, sporting events, arts/cultural events, etc. or programs that help address community needs.
- Contribute to local economic development by employing local residents and purchasing local products and services.

### **INPEX Case Study**

|   |                      |                              |
|---|----------------------|------------------------------|
| 1 | <a href="#">LINK</a> | Supporting Local Communities |
|---|----------------------|------------------------------|

## **2-6. Whistle-blower System and Grievance Mechanism**

**Develop and maintain a whistle-blower system and grievance mechanism, and educate their employees about these reporting mechanisms for the early detection of fraudulent activities.**

[Explanation] Companies shall provide a hotline, whistle-blower system, or other system as a grievance mechanism for reporting company activities in violation, or potential violation, of laws, regulations, company rules, and so on. This applies to violations of employee human rights, labor issues, health and safety, fair business transactions (collusion, etc.), and the environment (illegal dumping, etc.).

Whistle-blowers must also be fully protected against any disadvantage.

### **Whistle-blower System and Grievance Mechanism: Possible Responses**

- Provide an internal whistle-blower system for reporting compliance-related issues (violations of laws and regulations, sexual harassment, power harassment, and violations of internal rules, etc.).
- Provide an external whistle-blower system (attorneys, etc.) if possible.
- Regularly provide training for employees to raise awareness of compliance and prevent dishonest practices.

### **INPEX Case Study**

|   |                      |  |
|---|----------------------|--|
| 1 | <a href="#">LINK</a> | Grievance Mechanism<br>(second from the bottom of the linked page) |
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## **2-7. Disclosure**

**Actively disclose information to society and stakeholders to ensure transparency and accountability in the conduct of business activities.**

[Explanation] Companies must aim to be fair and transparent by making appropriate disclosures related to labor, health and safety, the environment, business, their financial situation, and other matters. Companies are required to communicate the information contained in items 2-1 through 2-6 of this guideline to their stakeholders and the broader public via their website, CSR report, and other channels.

### **Disclosure: Possible Responses**

- Actively communicate and disclose company information (financial and non-financial information) outside the company, and respond to requests from stakeholders and the broader public for accountability for company activities.

### **INPEX Case Study**

|   |                      |                          |
|---|----------------------|--------------------------|
| 1 | <a href="#">LINK</a> | Supplier Code of Conduct |
| 2 | <a href="#">LINK</a> | Sustainability Report    |
| 3 | <a href="#">LINK</a> | Investor Relations       |

### **3. Conclusion**

The energy and services that the INPEX Group supplies to its customers are only possible by the procurement of materials and services from suppliers and contractors. Through the Supplier Code of Conduct, we aim to deepen partnerships with our business partners, and work with them to drive responsible corporate activities that lead to mutual business prosperity.

INPEX CORPORATION

Akasaka Biz Tower

5-3-1 Akasaka, Minato-ku,

Tokyo 107-6332, Japan

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Inquiries:

Supply Chain Unit

Email: [log.csr@ml.inpex.co.jp](mailto:log.csr@ml.inpex.co.jp)

The Supplier Code of Conduct Guidelines, and all guidelines and standards referenced herein, are subject to change without notice. Updated versions will be published on the INPEX website as needed.