APLNG Statement on Modern Slavery

2021

AUSTRALIA PACIFIC LNG

origin | ConocoPhillips | Sinopec

Australia Pacific LNG Pty Ltd

This statement is made pursuant to the *Modern Slavery Act 2018* (Cth) (the Act) by Australia Pacific LNG Pty Limited (ABN 68001646331) (APLNG) and is APLNG's second statement on modern slavery, covering the financial year ending 30 June 2021. APLNG's subsidiaries include:

- Australia Pacific LNG (Moura) Pty Limited
- Australia Pacific LNG CSG Marketing Pty Limited *
- Australia Pacific LNG (CSG) Pty Limited
- Australia Pacific LNG CSG Processing Pty Limited
- Australia Pacific LNG CSG Transmissions Pty Limited
- Australia Pacific LNG Gladstone Pipeline Pty Limited
- Australia Pacific LNG Marketing Pty Limited *
- Australia Pacific LNG (Ironbark) Pty Limited
- Australia Pacific LNG Downstream Holdings Pty Limited
- Australia Pacific LNG Processing Pty Limited *
- Australia Pacific LNG (Shared Facilities) Pty Limited.

This is a joint statement made on behalf of APLNG and those subsidiaries marked with an asterisk (*) in the list to the left, which are themselves reporting entities for the purposes of the Act. APLNG and its subsidiaries share the same policies and processes and operate in the same sector, often sharing the same suppliers. This statement on modern slavery is therefore a consolidated description of the actions taken to address modern slavery risks by each reporting entity and company within the APLNG group of companies.

APLNG is opposed to all forms of modern slavery and this statement describes the risks of modern slavery practices in the operations and supply chains of APLNG (including its subsidiaries and appointed operators and service providers) and the actions taken to assess and address those risks.

Operations and structure of APLNG

APLNG is a Queensland based incorporated joint venture between Origin Energy Limited (**Origin Energy**) (37.5%), ConocoPhillips Australia Pacific LNG Pty Ltd (**ConocoPhillips Australia**) (37.5%) and Sinopec Australia Pacific LNG Pty Ltd (**Sinopec**) (25%) (together, the **"Shareholders"**).

APLNG owns and operates a range of exploration and production assets associated with the production of natural gas and liquefied natural gas (**LNG**) in Queensland and supplies both the Australian east coast domestic gas market and international LNG markets. APLNG also holds working interests in non-operated joint ventures operated by third parties engaging in similar exploration and production activities. Domestic gas is supplied directly to commercial and industrial customers and to retailers that supply the Australian east coast domestic gas market. LNG is supplied to Asia under long-term sale and purchase agreements, as well as spot LNG sales to international destinations.

The key elements of APLNG's operated activities include:

- the development of APLNG's gas fields in the Surat and Bowen basins in Queensland
- operations and maintenance of APLNG's upstream gas field production infrastructure and high pressure gas pipelines from the upstream gas fields to APLNG's downstream LNG facility on Curtis Island near Gladstone in Queensland
- operations and maintenance of APLNG's downstream LNG facilities.

The structure of APLNG's governance framework is described in Figure 1 below. The framework governs the relationship and activities of APLNG as well as APLNG's Shareholders, Board, Board Sub-Committees, Management, Upstream and Downstream Operators, CSG Marketing Agent, LNG Marketing Services Provider, and the Corporate Services Provider (which are defined below).

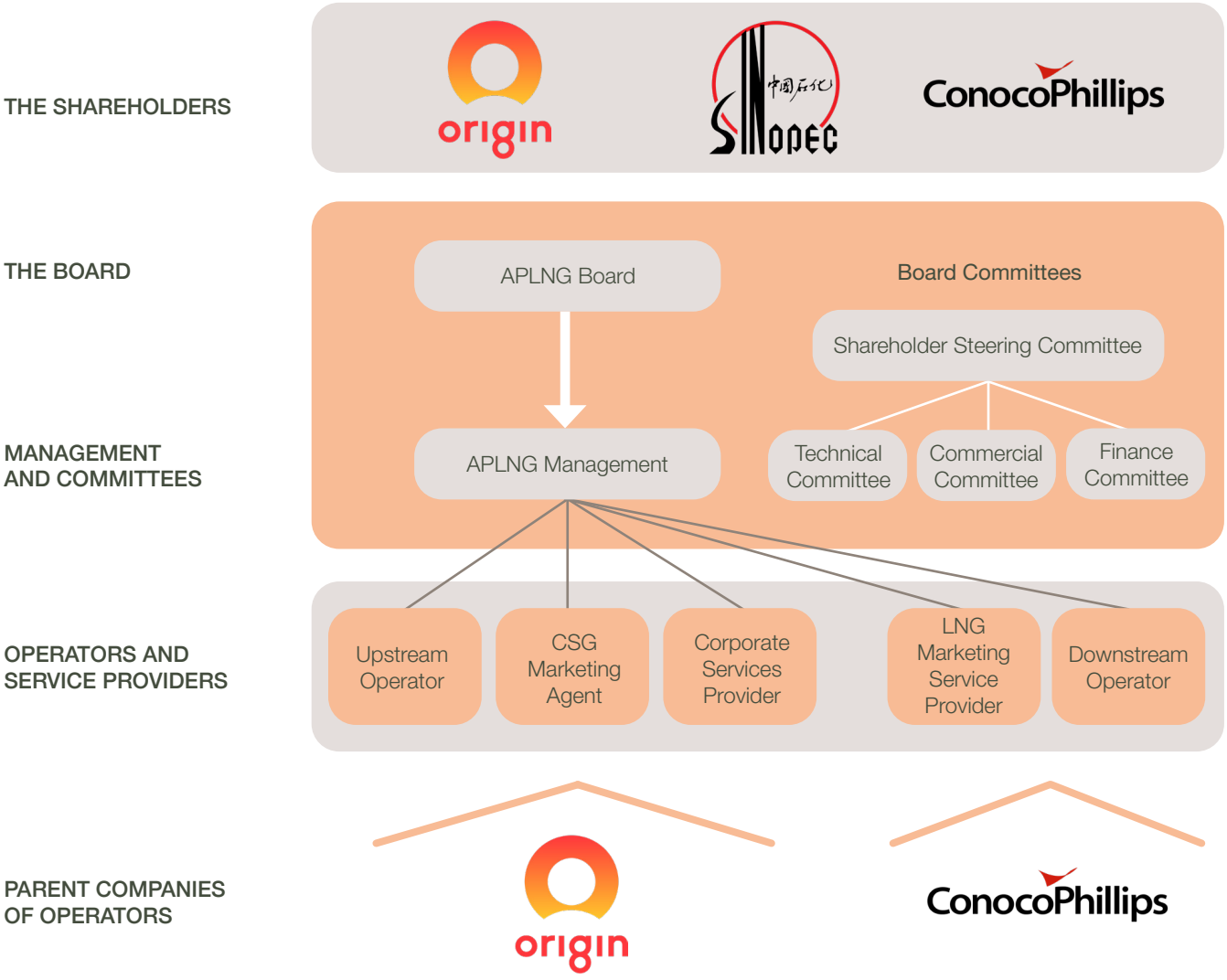


Figure 1 - APLNG's Governance Framework

APLNG's Operators and Service Providers

Upstream and Downstream Operations

APLNG's upstream and downstream operations and activities are undertaken by operators appointed by APLNG (**APLNG's Operators**).

APLNG's upstream operations and activities are undertaken by Origin Energy Upstream Operator Pty Ltd (**Upstream Operator**). The activities undertaken by the Upstream Operator on behalf of APLNG include the day-to-day management, operation and maintenance of all APLNG owned and operated gas field facilities and infrastructure (**APLNG Operated Assets**) and the management of APLNG's non-operated joint venture interests in gas fields, facilities and infrastructure operated by third parties (**APLNG Non-Operated Assets**). APLNG's Operated and Non-Operated Assets comprise of existing coal seam gas (**CSG**) wells and the drilling and completion of new CSG wells and associated surface facilities, gas and water gathering pipeline systems, gas processing and compression facilities, water and brine treatment and storage facilities and high pressure gas transmission pipelines. The Upstream Operator also manages stakeholder relationships with landholders and with the communities associated with APLNG's Operated Assets.

APLNG's downstream operations and activities are undertaken by ConocoPhillips Australia Operations Pty Ltd (**Downstream Operator**). The activities undertaken by the Downstream Operator on behalf of APLNG include the day-to-day management, operation and maintenance of the APLNG owned LNG facilities and related infrastructure on Curtis Island. APLNG's LNG facilities comprise of two gas to LNG processing trains, LNG storage tanks, loading jetty, operational control centre and associated infrastructure services including power, water and telecommunications.

Corporate Services and Marketing Activities

APLNG's corporate services activities are undertaken by Origin Energy Limited (**Corporate Services Provider)**. The activities undertaken by the Corporate Services Provider on behalf of APLNG involve the day-to-day management of APLNG's consolidated accounting, budgeting and treasury functions and the provision of services associated with tax, insurance, legal, company secretarial, or as otherwise required by APLNG.

APLNG's domestic gas marketing activities are managed by Origin Energy Upstream Operator Pty Ltd (**CSG Marketing Agent**). The activities managed by the CSG Marketing Agent on behalf of APLNG involve the day-to-day management of APLNG's gas balancing and domestic gas supply and transportation requirements.

APLNG's LNG marketing activities are managed by ConocoPhillips Australia Operations Pty Ltd (**LNG Marketing Services Provider**). The activities managed by the LNG Marketing Services Provider on behalf of APLNG involve the day-to-day management of APLNG's LNG supply and transportation requirements.

(Corporate Services Provider, CSG Marketing Agent and LNG Marketing Services Provider are collectively referred to as **Service Providers**).

Under the APLNG Shareholders' Agreement, the Shareholders and APLNG record their agreement as to the manner in which the upstream and downstream operations, CSG and LNG marketing activities and corporate services will be conducted. The APLNG Board is responsible for the overall direction and management of APLNG, including giving direction in respect of those functions.

Each of APLNG's Operators and Service Providers described above are engaged under long-term agreements, each of which sets out the terms and conditions of the appointment. These include that the respective Operator or Service Provider must carry out its obligations in accordance with all applicable laws (including those relating to modern slavery) and in accordance with the directions of APLNG given under the respective agreement. The functions of each must be carried out in a diligent manner, and in the case of APLNG's Operators, in accordance with the standards of a reasonable and prudent operator.

APLNG Management exercises oversight and direction over these services via various forums, including regular functional committee meetings, Board Sub-Committee meetings and Board meetings as well as regular reporting, maintaining delegations of authority limits, and following well documented governance processes (refer Figure 1 for further detail).

APLNG's Supply Chains

APLNG's supply chain extends across its upstream and downstream operations and includes the procurement of goods, services and energy, managed by APLNG's Operators and Services Providers to support the activities referred to above. The range of categories and types of goods and services sourced in respect of APLNG's upstream and downstream operations and activities include, but is not limited to, wellheads, drilling and gathering, engineering, facilities maintenance, spare parts, utilities and waste management, accommodation, cleaning and catering, IT, labour and corporate services, freight and ferry/barge services, safety equipment and construction services.

Across its upstream operations, APLNG has approximately 1,000 suppliers, with vendors registered in Australia making up approximately 82 per cent of total spend. Across its downstream operations, APLNG has approximately 300 suppliers, with vendors registered in Australia making up more than 97 per cent of total spend. In certain cases, vendors supply both upstream and downstream operations.

APLNG's Approach and Values: Operations and Supply Chain Activities

APLNG's position on human rights and modern slavery is reflected in APLNG's Code of Conduct and Health, Safety, Environment and Sustainability Policies, which apply to both APLNG as a corporate entity and its secondees (where relevant).

As described, APLNG conducts its business:

- in compliance with laws and to the highest ethical standards
- in a way which is consistent with fundamental human and labour rights and treating all APLNG stakeholders, internal and external, equally and with respect
- valuing the wellbeing of APLNG's workers, customers, the communities in which APLNG operates and the environment
- respecting the rights, interests, diverse cultures and values of the people and communities in which APLNG operates.

This position is further supplemented and enshrined in the approaches adopted, and commitments made, by APLNG's Operators and Service Providers in undertaking APLNG's operations and supply chain activities on behalf of APLNG, as described in the Human Rights Policy of Origin Energy and the Human Rights Position Statement and Code of Business Ethics and Conduct of ConocoPhillips respectively. These approaches and commitments include:

- commitments to act ethically and responsibly
- rejecting slavery and human trafficking in any parts of business or supply chain
- conducting business in a way which is consistent with the human rights philosophy expressed in the Universal Declaration of Human Rights and the International Labour Organization Declaration on Fundamental Principles and Rights at Work
- respecting, protecting and upholding fundamental human rights at all operations and projects and addressing modern slavery.

APLNG also relies on Origin Energy's Supplier Code and ConocoPhillips' Supplier Expectations to ensure further compliance with relevant human rights practices.

APLNG takes all allegations of any type of unethical or illegal behaviour very seriously and APLNG promotes an open and transparent workplace.

Under APLNG's Whistleblower Policy, APLNG encourages the reporting by eligible whistleblowers of any instances or suspicions of misconduct, or improper state of affairs or circumstances and provides protections and measures to ensure persons can make such disclosures confidentially and without fear of reprisal, victimisation or detriment. Similar policies and protections exist across Origin Energy and ConocoPhillips, covering APLNG's upstream and downstream operations and supply chain.

Risks of Modern Slavery Practices in Operations and Supply Chains

Certain activities within APLNG's operations and supply chain could contribute to or be linked to the risks of modern slavery practices in its various forms. This could occur across APLNG's upstream, downstream and corporate operations and respective supply chains (in respect of both APLNG Operated and Non-Operated Assets), including via employment conditions associated with employees, secondees and contractors involved in APLNG's operations, suppliers of goods and services to APLNG and APLNG's Operators and Service Providers, and transportation of products to customers.

Rigorous due diligence processes have been undertaken to assess, prioritise and address the risks of modern slavery across APLNG's upstream and downstream operations and supply chains. These processes involved assessing risk factors associated with third party spend for goods and services, including across country of operation, category of supplier service and resources/goods utilised. These assessments can then be used to inform appropriate measures in due diligence activities for sourcing suppliers and improvement plans associated with managing modern slavery risks.

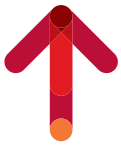
Through the actions described below, particular supplier categories and profiles were assessed as having higher risks than others. In relation to APLNG's upstream activities, the higher risk supplier profiles identified were direct and indirect manufacturing (i.e. suppliers that manufacture, or distribute goods manufactured, in a country with higher risks of modern slavery practices), onshore and offshore services (i.e. suppliers of services in industries with higher risks of modern slavery practices), and commodities (i.e. suppliers providing goods containing commodities with higher risks of modern slavery practices).

In relation to APLNG's downstream activities, high risk supplier profiles identified were, similarly, the manufacturing of components (e.g. spares and parts) in countries considered high risk and suppliers of labour hire, cleaning and catering services.

A further area assessed was the LNG vessels used by APLNG's LNG off-takers and the relatively few vessels chartered by the LNG Marketing Services Provider for delivered at terminal spot cargos, as seafarers may be from high risk jurisdictions. This is an area in which the LNG Marketing Services Provider has rigorous, well established ship vetting and inspection procedures which ensure that the requirements of the Maritime Labour Convention 2006 are met. Although the Marketing Services Provider does not directly engage seafarers, by working collaboratively with reputable vessel owners and operators, it ensures these statutory rights are upheld. The vessels are also under the jurisdiction of, and are audited by, the Australia Maritime Safety Authority when they load at the Port of Gladstone.

Actions Taken to Address Risks of Modern Slavery

In addition to the policies and code of conduct referred to above, the following specific actions have been taken or progressed to address the risk of modern slavery across APLNG's upstream and downstream and corporate operations during the reporting period:



Upstream

Activities undertaken by the Upstream Operator focused on building understanding and capabilities, improving policies and processes, and enhancing engagement with suppliers and include the following:

- The development of a targeted and tiered training strategy to upskill people across the business to identify, mitigate and remediate modern slavery, including:
  - embedding modern slavery and human rights fundamentals content in the all-of-Origin Code of Conduct training modules, compulsory for all Origin employees to have completed by the end of September 2021
  - equipping more than 100 contract owners and procurement team members to identify risks and utilise improved due diligence processes
  - developing fundamental awareness training for Upstream Operator's suppliers to understand the risks, where modern slavery is more likely to occur, who is most likely to be impacted and how we can work together to eliminate it.
- Refining its Supply Chain Traceability Tool and expanding its application to eight suppliers that supply to upstream operations identified as having higher inherent risk including mechanical and electrical equipment, drilling and exploration equipment, mobile camp management and fixed camp management. In applying the Supply Chain Traceability Tool, the Upstream Operator collaborated with suppliers to:
  - identify what controls they have in place to manage modern slavery risks
  - understand who forms Upstream Operator's extended supply chains through these suppliers
  - evaluate residual risk of modern slavery type practices from these suppliers.

Downstream

Activities undertaken by the Downstream Operator to address risks of modern slavery in downstream operations and supply chains included the following:

- The development and deployment of an e-learning module to all employees to raise awareness of high risk industries, products and services, and to enable employees to assess the risk of modern slavery
- The delivery of additional in-depth face to face training to the Leadership and Supply Chain teams
- Continued due diligence in capturing further vendors being issued the self-assessment questionnaire
- Commencing inquiries into collaborative opportunities regarding potential systems for common supplier assessment and transparency. This work will continue into financial year 2022.

APLNG Management

During the reporting period, training was developed and rolled out to key APLNG Management governance, risk and compliance personnel designed to increase understanding and awareness of modern slavery risks in APLNG's operations and supply chain and the function that APLNG Management has with regards to assessing, prioritising and addressing potential risks of modern slavery across APLNG's upstream, downstream and corporate operations and supply chains.

Assessing the Effectiveness of Actions Taken

APLNG acknowledges that identifying and addressing modern slavery risks and practices across APLNG's supply chain requires continuous commitment, assessment, adjustment and improvement. The effectiveness of the actions and initiatives (including risk management processes) described above are continually assessed across the APLNG upstream, downstream and corporate operations and supply chain activities via:

- internal audits and other assurance activities undertaken by APLNG's Operators and Service Providers on their respective procurement activities
- compliance monitoring and reviews of procurement activities and controls, including supplier codes and supplier self-assessment questionnaires
- supplier requirements to report on compliance and initiatives.

Specific to upstream operations, the Upstream Operator tested the alignment and effectiveness of its Modern Slavery Maturity Plan and working group through external review and by engaging with the WA Modern Slavery collaborative, a group of Australian energy and resources companies who meet regularly to share insights and learnings relating to the efforts to address modern slavery.

Looking Ahead

APLNG Management will continue to facilitate the sharing of insights and learnings to address modern slavery via structured engagements, both internally across its appointed Operators and Service Providers, as well as exploring cross-industry collaboration opportunities.

Over the next reporting period, processes and associated documentation will be revised and implemented to ensure information regarding APLNG's Operators' and Service Providers' assessment of modern slavery risks relating to contracting activities is included in APLNG Board approval papers for active consideration by Directors.

Comprehensive assurance activities will also be undertaken by APLNG Management focusing on the effectiveness of key controls in place to manage the procurement of goods and services across APLNG's supply chain.

COVID-19 Impacts

To date, there has been no material impacts on APLNG's ability to assess and address modern slavery risks due to the disruption and restrictions created by COVID-19 and APLNG's Operators and Service Providers continue to review how these disruptions may increase the risk of modern slavery practices in APLNG's operations and supply chains.

Consultation Process

In preparing this statement, consultation has included engagement with the following stakeholders:

- Representatives of APLNG's Operators and Service Providers with regards to the activities undertaken by them across APLNG's operations and supply chain on behalf of APLNG
- Representatives of Origin Energy and ConocoPhillips Australia with regards to ensuring alignment with their own Modern Slavery Statements where appropriate[1] and
- APLNG's Management, Board and Shareholders.

APLNG expects to expand its consultation process with relevant stakeholders as necessary as APLNG's processes and policies associated with the ongoing management of modern slavery risks and mitigation actions evolves.

APLNG's statement was approved by the APLNG Board of Directors on 30 December 2021 and is signed by a Director of APLNG. A new statement will be published each year as required under the Act.

Frank Calabria
Director

Australia Pacific LNG Pty Limited and its subsidiaries

[1] Origin Energy's 2021 Modern Slavery Statement and ConocoPhillips Australia Pacific LNG's 2020 Modern Slavery are both available online.