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APLNG Statement on Modern Slavery

2022

AUSTRALIA PACIFIC LNG

origin | ConocoPhillips | Sinopec

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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 third statement on modern slavery, covering the financial year ending 30 June 2022. 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.

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Operations and Structure of APLNG

APLNG is a Queensland based incorporated joint venture between ConocoPhillips Australia Pacific LNG Pty Ltd (**ConocoPhillips Australia**) (47.5 per cent; 37.5 per cent prior to 18 February 2022[1]), Origin Energy Limited (**Origin Energy**) (27.5 per cent; 37.5 per cent prior to 18 February 2022[1]), 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 facilities 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 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).

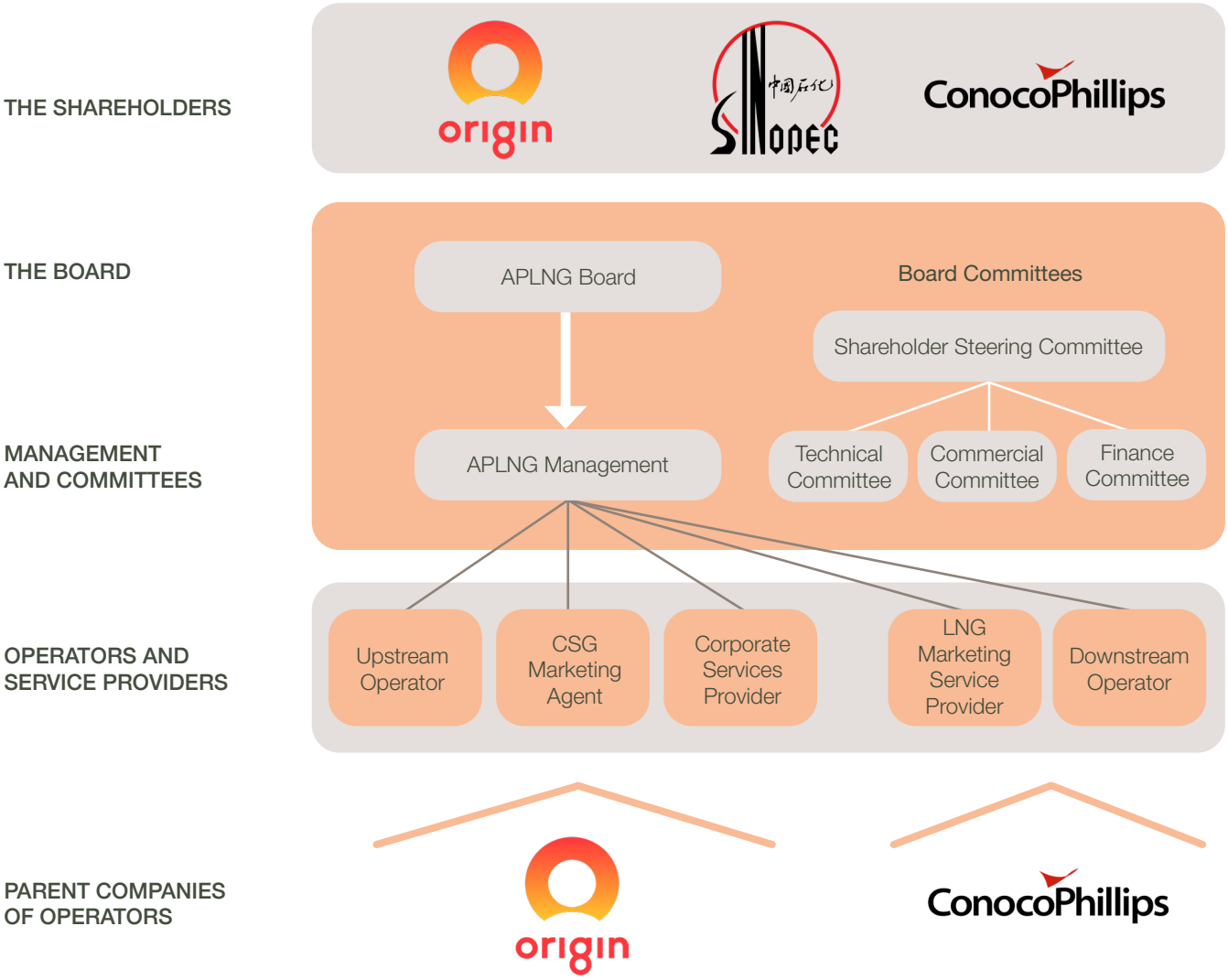

Figure 1 - APLNG's Governance Framework

[1] On 18 February 2022, the sale of an additional 10 per cent shareholding interest of APLNG from Origin Energy Limited to ConocoPhillips Australia Pacific LNG was finalised.

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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 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).

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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 850 suppliers, with vendors registered in Australia making up more than 99 per cent of total spend. Across its downstream operations, APLNG has approximately 264 suppliers, with vendors registered in Australia making up more than 91 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 *Ethics & 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; and
- 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*; and
- 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.

APLNG continues to work collaboratively with its Operators and Service Providers and requires that all APLNG Board approval papers include details of any identified Modern Slavery risks relating to the specific sourcing activity and is supported by clear mitigation actions for active consideration and challenge by Directors.

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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 risk 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's Operated Assets 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 risk management and 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 are then used to inform appropriate measures in due diligence activities for sourcing suppliers and improvement plans associated with managing modern slavery risks.

In relation to APLNG's upstream activities, the Upstream Operator continually assesses its third party spend, vendor self-assessment questionnaire results and business conduct data to understand potential modern slavery risks in its supply chain. The higher risk supplier profiles identified through this assessment 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, higher risk supplier profiles identified were, similarly, the manufacture of components such as valves, gaskets and fasteners by subcontractors of suppliers in countries in the Asia–Pacific region, which are considered higher risk due to socioeconomic factors such as poverty or a poor human rights track record. In addition, cleaning and catering services and the provision of direct hire labour, each of which may involve low wages and manual labour, were assessed as potentially having modern slavery risks.

Another 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 LNG 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 periodically by, the Australia Maritime Safety Authority when they load at the Port of Gladstone.

Following completion of the respective risk assessment processes by APLNG's Operators, which focused on high-risk geographies, product and service categories, business models structured around high risk work practices and vulnerable populations, key suppliers were identified and corrective action plans/ improvement opportunities were implemented with the supplier to ensure their operations and supply chain activities effectively managed any potential modern slavery risks. To date, no material risks or known modern slavery practices have been identified across APLNG's operations and supply chain activities.

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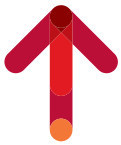
FY2022 Continuous Improvement to Address Risks of Modern Slavery



Upstream

Activities undertaken during the reporting period by the Upstream Operator focused on embedding the policies and processes developed in previous reporting periods across its three pillar Modern Slavery Maturity Plan including: building understanding and capabilities; improving policies and processes; and enhancing engagement with suppliers. Specific actions stemming from the Upstream Operator's Modern Slavery Maturity Plan included the following:

- The continued delivery of its tiered training strategy to upskill people across the business to identify, mitigate and remediate modern slavery, including:
  - completing the rollout of the refreshed Origin Code of Conduct training;
  - training additional contract owners and procurement team members in modern slavery awareness and the Origin Modern Slavery Risk Management Toolkit; and
  - developing five new modern slavery learning videos to support contract managers.
- Engaging with joint venture and industry peers to pursue collaborative approaches to global challenges facing the energy industry through key consultation and collaboration forums (refer below).
- Updating nine people-related policies, to improve their alignment with updates to Origin Energy's Human Rights Policy.
- Establishing a 'Priority Risk' profile which considers the presence of intersecting modern slavery risk factors used to help select the suppliers engaged in FY2022 with the Supply Chain Traceability Tool.
- The continued application of the Modern Slavery Risk Management Toolkit to gather further insight into supply chain activities.

Downstream

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

- The delivery of a program of modern slavery training to its supply chain team to raise awareness of higher risk industries, products and services and to enable employees to assess the risk of modern slavery.
- The delivery of modern slavery training modules to all employees to raise awareness of higher risk industries, products and services.
- The issuing of vendor questionnaires to a further 29 suppliers identified as being higher risk, through the use of the Downstream Operator's internal risk assessment tool, to seek information including country of origin and the ways in which the vendor is addressing its own modern slavery risks and subsequently evaluating the responses to the vendor questionnaire.
- Extending due diligence activities beyond those suppliers considered most at risk and those with whom the Downstream Operator has the largest annual spend and an ongoing relationship, to include suppliers with a smaller annual spend.
- Engaging with joint venture and industry peers to pursue collaborative approaches to global challenges facing the energy industry through key consultation and collaboration forums (refer below).

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APLNG Management

During the reporting period, APLNG Management undertook a maturity self-assessment utilising a benchmarking tool provided by international human rights initiative, Walk Free, to help identify APLNG's baseline in relation to modern slavery risks and current controls. Subsequently, an action plan was developed to assist APLNG Management to understand, assess, prioritise and address potential risks of modern slavery across APLNG's operations and supply chains (**APLNG Modern Slavery Action Plan**), with the implementation of the following specific actions during the FY2022:

- The establishment of the APLNG Modern Slavery Collaboration Forum as a mechanism for representatives from APLNG's Operators and Service Providers to build understanding and capability with respect to modern slavery risk mitigation across the joint venture and allow for lessons learned to be shared so that APLNG may collectively strive for the effective elimination of modern slavery from our business.
- Along with the Downstream Operator, APLNG joined the Upstream Operator in becoming members of the Human Rights Resources and Energy collaborative, a group of Australian energy and resources companies that share knowledge and develop practical tools to identify and address modern slavery in supply chain activities.
- Development of a specific APLNG Management Supplier Self-Assessment Questionnaire which will be utilised when APLNG directly engages with suppliers.
- APLNG's *Ethics & Code of Conduct Policy* was approved by the APLNG Board in November 2021 and reflects APLNG's commitment to conducting our business in a way which is consistent with fundamental human and labour rights.
- A comprehensive review of the APLNG *Whistleblower Policy* was undertaken to incorporate disclosures made with respect to modern slavery and the investigation requirements following such disclosure.
- The integration of modern slavery aspects and reporting into the annual *APLNG Environmental and Social Report* – the calendar year 2021 report being furnished and published online in April 2022.
- Development of standard modern slavery clauses for inclusion within all APLNG procurement contracts which has been shared with our Operators to either incorporate or ensure the principals align across the joint venture contract templates.
- Active engagement with the LNG Marketing Services Provider to discuss modern slavery risks when procuring LNG vessels for delivered at terminal spot cargos. The LNG Marketing Services Provider currently has robust vetting and inspection procedures and APLNG will continue to work with the service provider to further strengthen and expand on these controls to mitigate modern slavery risks across this high risk sector.

The development and implementation of further actions arising from the benchmarking exercise will continue into FY2023.

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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; and
- supplier requirements to report on compliance and initiatives.

Participation and collaboration with member organisations of the Human Rights Resources and Energy Collaborative, as well as internally, via the APLNG Modern Slavery Collaboration Forum, enables APLNG Management and its Operators to continually review and assess the effectiveness of policies and processes designed to identify, assess and address potential modern slavery risks across the joint venture as well as identify better practices being developed and implemented across the wider sector.

Looking Ahead

APLNG will continue to facilitate the sharing of insights and learnings to address modern slavery via structured engagements, both internally across APLNG's Operators and Service Providers, and externally through the engagement of APLNG Management and APLNG Operators with industry peers via the Human Rights Energy and Resources Collaborative and active participation in relevant working groups, as well as seeking other cross-industry collaboration opportunities.

Over the next reporting period, APLNG Management will continue its implementation of the APLNG Modern Slavery Action Plan focusing on the undertaking an assessment of all current direct APLNG contractual engagements to identify any potential high risk sectors for further investigation and, where necessary, mitigation while ensuring the heightened modern slavery controls are applied on all future supplier engagements.

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;[2] and
- APLNG's Management, Shareholders and Board of Directors.

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 and is signed by a Director of APLNG. A new statement will be published each year as required under the Act.

[2] ***Origin Energy's 2022 Modern Slavery Statement*** and ***ConocoPhillips Australia Pacific LNG's 2021 Modern Slavery Statement*** are both available online

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Statement Annexure: Addressing the Mandatory Statement Criteria

Principal Governing Body Approval

This modern slavery statement was approved by the principal governing body of **Australia Pacific LNG Pty Limited (ABN 68001646331)** as defined by the Modern Slavery Act 2018 (Cth) ("the Act") on 10 November 2022

Signature of Responsible Member

This modern slavery statement is signed by a responsible member of **Australia Pacific LNG Pty Limited (ABN 68001646331)** and its subsidiaries as defined by the Act:

DocuSigned by:
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Director Signature

Frank Calabria

Director Name

Australian Modern Slavery Act Mandatory Reporting Criterion	Reference in This Statement (Page/s)
Identify the reporting entity.	2
Describe the reporting entity's structure, operations and supply chains.	3-5
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	6
Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.	6-8
Describe how the reporting entity assesses the effectiveness of these actions.	9
Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).	9