

# 2024 Modern Slavery Statement



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## REPORTING ENTITY

Karoon Energy Ltd ("Karoon", the "Company") (ABN 53 107 001 338) is an international oil and gas exploration and production company, listed on the Australian Stock Exchange, with operated assets in the Santos Basin, Brazil and non-operated assets in the US Gulf Coast, United States. Our purpose is to provide energy safely, reliably, and responsibly, and create lasting benefits for all stakeholders.

Karoon's Modern Slavery Statement has been developed under the frameworks and obligations outlined in the Australian Modern Slavery Act 2018. The statement covers the activities of Karoon and its subsidiaries listed in the table for the reporting period 1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024. Although Karoon Peru Pty Ltd and KEI (Peru Z38) Pty Ltd are still listed as subsidiaries for reporting purposes, these entities do not have any active operations.

**TABLE: COMPANY AND ENTITIES/SUBSIDIARIES (AS AT 31 DECEMBER 2024)**

Karoon Energy Ltd	Australia	Active
<b>Unlisted subsidiaries of Karoon Energy Ltd</b>		
Karoon Energy International Pty Ltd	Australia	Active
Karoon Gas Browse Basin Pty Ltd	Australia	Active
Karoon Gas (FPSO) Pty Ltd	Australia	Not Active <sup>1</sup>
<b>Unlisted subsidiaries of Karoon Energy International Pty Ltd</b>		
KEI (Brazil Santos) Pty Ltd	Australia	Active
Karoon Peru Pty Ltd	Australia	Not Active
KEI (Peru Z38) Pty Ltd	Australia	Not Active
ACN 672 679 793 Pty Ltd	Australia	Active
<b>Unlisted subsidiary of KEI (Brazil Santos) Pty Ltd</b>		
Karoon Petróleo & Gas Ltda	Brazil	Active
KEI Finance 1 Pty Ltd	Australia	Active
Subsidiary of KEI (Peru Z38) Pty Ltd		
KEI (Peru Z38) Pty Ltd, Sucursal del Peru	Peru	Not Active
<b>Subsidiary of ACN 672 679 793 Pty Ltd</b>		
KUSA Inc. (Delaware C-Corp)	United States	Active
Karoon USA Finance Inc (Delaware C-Corp)	United States	Active

1. "Not Active" refers to group companies that are dormant and not currently engaged in any material activities within the group.

# MESSAGE FROM OUR CHAIRMAN



**MR PETER BOTTEN**

Chair

On behalf of the Board of Karoon Energy Ltd (Karoon), I am pleased to present our fourth Modern Slavery Statement, covering our activities for the period 1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024.

This statement has been approved by Karoon's Board and outlines the progress we have made in identifying and mitigating Modern Slavery risks across our business and supply chain. It also details the next steps in our Modern Slavery strategy, focusing on strengthening supplier engagement and maintaining safe, reliable, and responsible operations.

With an estimated 50 million people affected by Modern Slavery globally, we acknowledge the specific risks associated with our industry and geographic footprint. As an Australian oil and gas company with primary operations in Brazil, we have made significant investments in the region, particularly in engineering and construction services supporting our offshore production and development activities.

Karoon maintains a zero-tolerance standard to Modern Slavery within our operations and supply chain. We are committed to continuously refining and expanding our processes to detect, investigate, and reduce potential risks.

We recognize that Modern Slavery is a complex global issue requiring diligence, collaboration, and responsible management. Our risk assessment during this period did not identify any immediate high-risk suppliers. However, we remain dedicated to ongoing improvement, working closely with industry partners, suppliers, and stakeholders to enhance our strategy and assess its effectiveness in addressing Modern Slavery risks.

**Peter Botten**

Chair

## HIGHLIGHTS

**12%**

Reduction in modern slavery risk from previous year (individuals per US\$1m spend)

**70%**

Year on year increase in suppliers assessed

**20**

Supplier Self Assessment Questionnaires (SAQs) completed<sup>1</sup>

### Supplier Self-Assessment Questionnaires (SAQ) Results<sup>1</sup>

**4**

Advanced

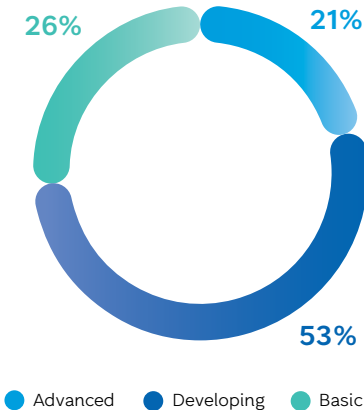
**10**

Developing

**5**

Basic

2024 SAQ Results



1. 20 Supplier Self-Assessment Questionnaires were completed in 2024. Third party assessment graded 4 responses 'Advanced', 10 as 'Developing', and 5 as 'Basic'. 1 response contained insufficient data for grading.

# KAROON'S BUSINESS STRUCTURE, OPERATIONS, AND SUPPLY CHAINS

## BUSINESS STRUCTURE

Karoon is head quartered in Melbourne, Australia, with offices in Houston, United States and Rio de Janeiro, Brazil, as well as a shore base located in Itajaí, Brazil supporting operations in the Santos Basin.

As at 31 December 2024 Karoon had 155 permanent employees across our offices and operations, of which 41% were women and 59% men. Production assets are operated by service providers through contractor and sub-contractor agreements, in collaboration with Company representatives.

## KAROON'S OPERATIONS



## BRAZIL

The Baúna project in the Santos basin consist of the Cidade de Itajaí floating production, storage and offtake (FPSO) facility servicing the Baúna, Patola and Piracaba producing oil fields; the Neon and Goiás development blocks; and future exploration blocks.

The Baúna Project is under Karoon's overall operational control and in 2024 was operated by Altera & Ocyan (A&O) under a services agreement. On 30<sup>th</sup> April 2025 Karoon finalised the acquisition of the FPSO from A&O, a Transition Services Agreement has been signed with A&O, to ensure continuity of operations and a smooth handover process as Karoon assumes greater operational control of the FPSO, with a new service provider expected in 2025.

These service providers support activities including operation and maintenance of the FPSO, catering

and hotel services, logistics (helicopter & support vessel services) and are managed under contracts to ensure reliability and continuity of service.

## UNITED STATES

Karoon's US operations comprise a non-operated equity share in the Who Dat and Dome Patrol and Abilene producing fields and adjacent offshore exploration permits for Who Dat East, West and South in the US Gulf Coast.

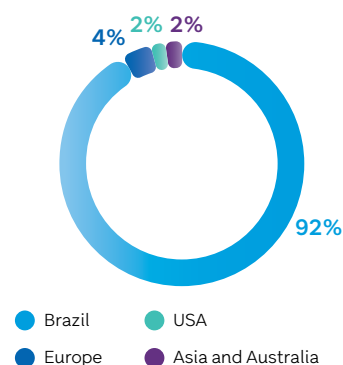
The Who Dat asset is operated by Karoon's joint venture partner, LLOG Exploration Company LLC (LLOG), and as such, Karoon's discretionary control over supply chain based decisions is limited to our KUSA inc. offices and direct supplier relationships with KUSA inc.

## SUPPLY CHAIN

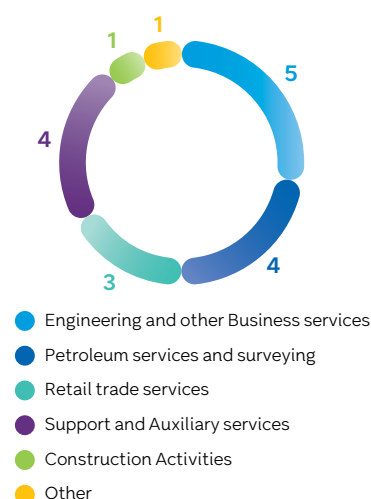
While Karoon's primary supplier base remains Brazil, in 2024 Karoon's supply chain expanded to include new suppliers and customers in the USA. At the same time our supply chain engagement program grew, increasing both the number of suppliers reviewed, and the percentage of suppliers by spend. A total of 171 suppliers, representing 99% of suppliers by spend, were mapped in 2024, a 70% increase from 2023 where 101 suppliers were assessed.

Operations in Brazil account for 92% of our suppliers by spend, with suppliers located in Europe (4%), the USA (2%), and Asia and Australia combined (2%) accounting for the remainder. In 2024, the majority of suppliers Karoon engaged fell under the engineering services category, primarily firms assisting and advising on the maintenance and running of our producing assets.

Supplier Location % of Spend



Spend by Sector (US\$m)



# RISKS OF MODERN SLAVERY IN OUR OPERATIONS AND SUPPLY CHAINS

Modern Slavery is defined by the International Labour Organisation (ILO)<sup>1</sup> as 'all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.'<sup>2</sup>

It is estimated that globally 50 million people are currently in Modern Slavery conditions<sup>3</sup>, a phenomenon which is present across industries, geographical borders and regions, encompassing multiple environments where workers are coerced, threatened or deceived into working conditions which are a breach of their human rights. These conditions can include human trafficking, slavery, servitude, debt bondage, forced marriage, child labour and forced labour.

Whilst Modern Slavery can exist in all industries and global regions, some areas are more at risk than others. Key drivers for increasing the risk of the presence of Modern Slavery that are applicable to Karoon include:

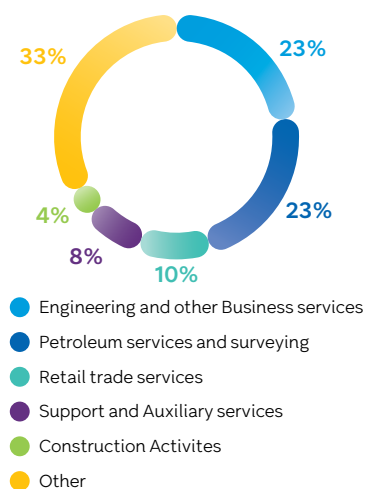
- Industry
- Product and Service
- Geographic Location
- Remoteness of operations

## INDUSTRY RISKS

Karoon recognises the importance of maintaining safe operations, while monitoring human rights and Modern Slavery risk in our supply chain. The oil and gas industry holds some inherent Modern Slavery related risks given the industry's use of manual labour, hazardous materials and activities, in addition to the locations in which these working activities are typically undertaken. Cross-border operations and investments are common in the industry with mixtures of contract types and organisations of various sizes. Complex, extensive and potentially vulnerable supply chains are also typical.

In Karoon's case the nature of our operations, taking place predominantly offshore, in addition to the high reliance on contractors, local and temporary working arrangements creates a working environment where the risks of Modern Slavery can be a factor.

Risk by supplier sector



## PRODUCT AND SERVICES RISKS

Karoon recognises the potential for Modern Slavery throughout our supply chain, both upstream in the procurement of goods and services, and downstream through the selling and use of our product. The majority of Karoon's upstream suppliers are located in Brazil. In Brazil, industries and sectors supplying Karoon and with the potential for increased Modern Slavery risk include industrial chemicals, construction and mechanical materials and parts. Upstream onshore and offshore supply chains may also have increased risk of Modern Slavery<sup>3</sup>.

## GEOGRAPHIC RISKS

While Modern Slavery is a global concern, the level of risk can vary considerably depending on geographic location and the remoteness of operations. The risk of Modern Slavery can also be compounded by factors such as the level of governance, extent of regulatory frameworks, infrastructure and socio-economic conditions<sup>3</sup>.

As an offshore oil and gas company working with large, reputable partners, our exposure to Modern Slavery risk is reduced. This is due to the typically higher standards of oversight, compliance, and operational control present in our industry and among our partners, as well as the nature of offshore operations which are generally subject to stricter regulatory and safety requirements.

1. <https://www.ilo.org/topics-and-sectors/forced-labour-modern-slavery-and-trafficking-persons>

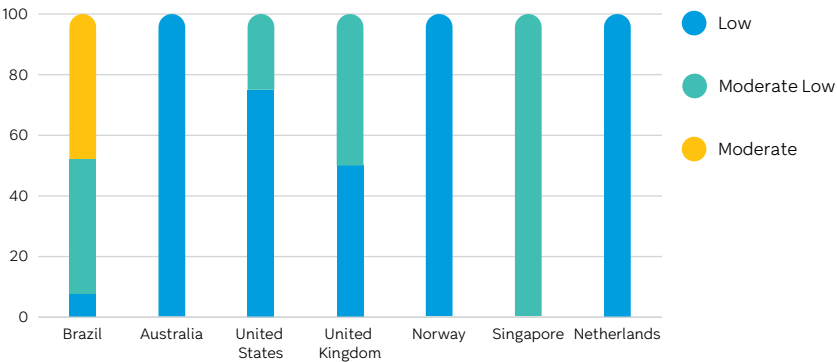
2. ILO Forced Labour Convention, 1930 (No.29)

3. <https://www.walkfree.org/global-slavery-index/>



The Brazilian Federal Government maintains a ‘Dirty List’<sup>4</sup> of slave labour, which is updated twice a year and identifies individuals and organisations involved in Modern Slavery practices. As of the most recent update in October 2024, the list includes 495 names, primarily from the agricultural sector and other rural industries. Karoon has conducted extensive due diligence, and no entities within its supply chain appear on this list.

Karoon Tier 1 Supplier Modern Slavery Risk Rating by Country



4 <https://www.gov.br/trabalho-e-emprego/pt-br/noticias-e-conteudo/2025/abril/mte-atualiza-cadastro-de-empregadores-que-submeteram-trabalhadores-a-condicoes-analogas-a-escravidao>

# MODERN SLAVERY GOVERNANCE

## GOVERNANCE

At a corporate level, sustainability issues and considerations, including Modern Slavery, are overseen by the Sustainability and Operational Risk Committee (SORC) which advises the Board on sustainability related decisions.

Karoon's corporate risk management system identifies potential risks and develops control measures for all areas of the business. Risks related to the business, suppliers, procurement and value chain are analysed and managed under this system. Risk registers record identified risks and control measures both at a corporate level and under the management of business units. These risks are communicated to the Board regularly via the SORC and the Audit, Risk and Governance Committee (ARGC), which is the primary body responsible for oversight on material risk to Karoon's business.

The SORC and ARGC also monitor actual events, where control measures have failed, and promote thorough investigation and corrective actions.

## POLICIES

Karoon remains committed to embedding Modern Slavery considerations within our corporate governance framework. Our contract terms contain clauses to ensure compliance with relevant legislation and ethical labour practices; policies are regularly reviewed and new policies developed.

Our key policies addressing Modern Slavery risks include:

- **Whistleblower Protection Policy**
  - Provides a mechanism for individuals to report concerns confidentially without fear of retaliation.
- **Speak Up Policy** – Encourages employees to identify, address and raise potential breaches
- **Karoon Energy Code of Conduct**
  - Outlines expectations regarding integrity, collaboration, and respect for human rights.

- **Health, Safety, Security and Environment (HSSE) Policy**
  - Affirms our commitment to workplace safety and security.
- **Sustainability Policy** – Establishes Karoon's zero-tolerance stance on human rights breaches and reaffirms commitments to international human rights frameworks.
- **Anti-Bribery, Fraud and Corruption Policy** – Strengthens internal controls against practices that may contribute to Modern Slavery.

Existing policies are regularly reviewed and updated to ensure they remain relevant and applicable to all stakeholders, including our suppliers. Our efforts focus on increasing transparency, expanding supplier engagement, and deepening our understanding of Modern Slavery risks across our operations and supply chains.

In addition to these policies, in 2024 Karoon published its first Human Rights Policy, affirming the Company's support of the UN Guiding Principles on Business and Human Rights (2011) and the Universal Declaration of Human Rights (1948).

## WHISTLEBLOWER AND GRIEVANCE MECHANISMS

Karoon maintains robust mechanisms for reporting concerns related to Modern Slavery. The Whistleblower Protection Policy remains in place, ensuring that all suppliers, contractors, and employees have access to grievance channels via a third-party reporting service. Reports can be submitted anonymously via phone or email in both English and Portuguese, with oversight from Karoon's General Counsel and the Chair of the ARGC.

No Modern Slavery-related grievances were reported in 2024, however we acknowledge that the absence of reports does not eliminate the possibility of Modern Slavery within our supply chain.

In addition to Karoon's reporting mechanisms, the Brazilian Federal Government continues to operate the Ipê System, a national grievance platform for reporting Modern Slavery concerns anonymously. The United States of America State and Federal governments also provide various reporting channels, including the National Human Trafficking Hotline, which allows individuals to report suspected cases of forced labour and human trafficking.

## SAFETY AND WELLBEING

Karoon prioritises the safety of all personnel involved in operations under its control. Given the hazardous nature of our operations and industry, ensuring a safe work environment for people is a key focus of the Company's policies, governance structure and activities.

Karoon measures the effectiveness of its safety management controls in a number of ways, including Lost Time Injury Rate (LTIR) and Total Recordable Injury Rates (TRIR) per 200,000 exposure hours, and the number of High Potential Incidents, occupational injuries or illnesses. These metrics form key components in corporate scorecards and remuneration structures and are embedded in the business as measures of safety performance.

Karoon and its contractors also utilise a range of measures and standards to promote worker wellbeing, including:

- In Brazil, offshore workers are rostered on a two- or four-week schedule, with processes in place to monitor shift times and durations
- Working hours are monitored using software systems reported to Karoon monthly
- Regular equipment inspections and safety audits on site are conducted throughout the year
- Workers receive safety training upon joining the Company, with training and skills updated regularly

# ACTION TAKEN BY KAROON TO MANAGE OUR RISK

## DUE DILIGENCE AND SUPPLIER RISK ASSESSMENT

### DUE DILIGENCE

Karoon uses the Fair Supply™ platform to assess risk across our supply chain. The tool uses AI and third-party data to power automated identification and classification allowing Karoon to quickly screen potential suppliers and generate a preliminary risk rating. If a potential supplier is classified as moderate-high or above, they would either be considered ineligible or must complete a Modern Slavery Self-Assessment Questionnaire to allow Karoon to better understand their business.

### MODERN SLAVERY RISK ASSESSMENTS

Karoon seeks to mitigate risk by establishing long-term partnerships with reputable companies, regularly reviewing Modern Slavery risk ratings for our suppliers and, for larger suppliers, requesting self-assessments.

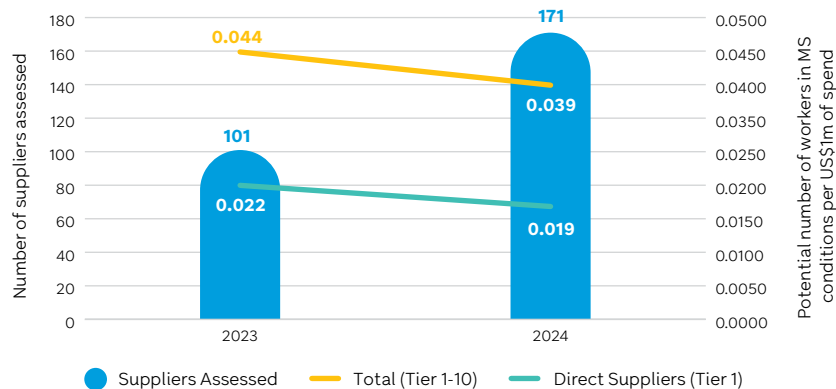
To support this, Karoon undertakes an annual Modern Slavery Risk Assessment (MSRA) through the Fair Supply™ platform. This involves assessing our top suppliers, based on spend, to determine the risk across our supply chain. For the calendar year 2024 we assessed 171 suppliers, accounting for 99% of our spend. Whilst our risk assessment covers supplier organisations with whom Karoon shares direct transactions (Tier 1), risk insights, ratings and analysis are representative of these companies' direct suppliers (Karoon's Tier 2) and their own supply chains, providing coverage and understanding throughout Karoon's full supply chain up until Tier 10.

These risk assessments allow us to better understand where there is the potential for Modern Slavery in our supply chain and to identify where we need additional focus to better understand our risk in future.

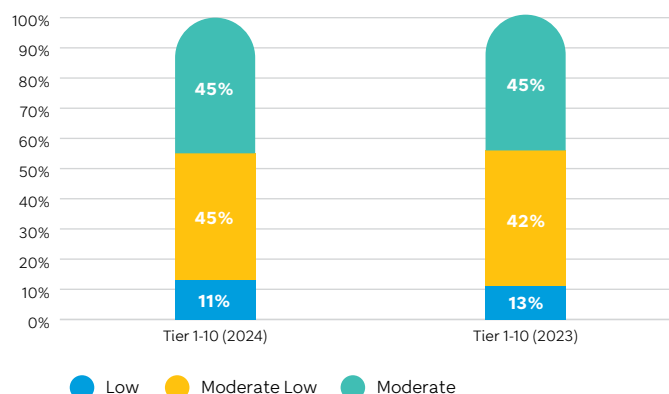
### Key insights for 2024 were:

- 0 of the 171 suppliers assessed were rated moderate-high or above
- 16% decrease for direct suppliers (Tier 1) per US\$1m of spend
- 13% decrease for complete supply chain (Tier 1 – 10) per US\$1m of spend
- 77% of our risk of Modern Slavery is in our direct suppliers and their suppliers (Tier 1 and 2)
- 67% of our risk comes from five supplier sectors
- 96% of our risk comes from just 11 companies

### Risk in Top Suppliers



### Supplier Risk Distribution





## SELF-ASSESSMENT QUESTIONNAIRES

Our third layer of risk management through the Fair Supply™ platform is supplier Self-Assessment Questionnaires (SAQ). These questionnaires request suppliers to provide details of their business including business structure, internal policies and processes, supply chain transparency (including Tier 2 supplier locations), employee training, audit mechanisms (both internal and external), and employee entitlements.

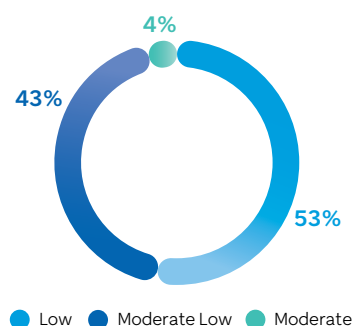
In 2024, 20 key suppliers who had been assessed as having a medium-low or medium risk through our 2023 MSRA process were engaged and asked to complete SAQ's. The SAQ's are designed to capture more detailed insights into workforce conditions, employment practices, and Modern Slavery mitigation measures within supplier operations and assign a rating based on their level of maturity.

Of the suppliers who completed SAQ's, 12 provided engineering services, 4 were logistics providers, 3 supplied fuel or chemicals and 1 was a consultant. While 30% were assessed to have a basic level of controls in place, 50% were actively developing and 20% had mature processes.

Combined with our MSRA process, the SAQ's allow us to gain a deeper understanding of our key supplier risks and identify where we may be able to work with them in future.

Based on our 2024 MSRA, an additional 10 key suppliers will be engaged to complete SAQ's in 2025.

Supply Chain Risk 2024 (Tier 1)



## SOCIAL AND COMMUNITY

Karoon also has an opportunity to educate and advocate for social change as part of our ongoing social and community projects. In 2024 Karoon supported two initiatives in Brazil with a focus on building awareness of these issues. The *Redes da maré* project focuses on providing professional development for women and girls as well as having a strong focus on women's personal and civil rights education. Additionally, the *Generating Falcons* project includes workshops focused on educating participants on gender relations, women's rights and other social issues.

Karoon's support of these projects, amongst others, seeks to advocate for and support equality, human rights, ethics and education in the communities in which we operate. Details on the social projects supported by Karoon can be found in our 2024 Sustainability Report.

## CARBON PROJECTS

An important aspect of Karoon's activity in Brazil is our Nature Based Solutions (NBS) carbon program. Each year Karoon purchases carbon credits from reforestation and avoided deforestation projects in Brazil and Peru, which are used to offset the Company's residual Scope 1 and 2 emissions.

Given the nature of these projects, their operation in the agriculture sector and, often, more remote locations, Karoon applies significant legal, regulatory, social and environmental due diligence and precaution to ensure the companies we engage with have minimised Modern Slavery risks. Karoon monitors that no companies involved in our carbon initiatives are listed on the Brazilian Federal Government's 'Dirty List' of slave labour. Our due diligence prior to contract award includes specific checks on Modern Slavery risks. Our contracts also include provision to undertake audits specifically addressing Modern Slavery risks.



# ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

Since Karoon's first Modern Slavery statement was issued in 2021 the Company has continued to expand its governance framework and policies as well as maturing the systems used to monitor and assess the risk of Modern Slavery within our supply chain. Over our four years of reporting, there have been no cases of Modern Slavery reported through our Whistleblower hotline and no instances have been identified through the risk assessments undertaken on our supply chain.

Karoon undergoes regular engagement with both internal and external stakeholders in pursuit of continuous improvements to our Modern Slavery strategy and reporting framework. Externally, Karoon maintains benchmarking and ranking scores across numerous ESG, social and climate impact ratings agencies. These platforms provide context for Karoon to seek industry best practice and identify areas in need of strengthening.

In 2024, Karoon expanded the use of the Fair Supply™ platform, gaining a clearer picture of Karoon's supply chain and Modern Slavery risks. Karoon's Modern Slavery risk exposure throughout our supply chain saw a reduction across all key metrics in 2024, compared to the previous year. This reduction resulted primarily from Karoon's shift in spend composition, having completed drilling campaigns in 2023.

## PROCESS OF CONSULTATION

Internally, Karoon undertakes communication and consultation across business units to ensure all personnel are engaged and informed on pertinent issues related to ethics and Modern Slavery risk. Company representatives are present across all work sites operated by Karoon, to monitor health and safety performance, and that appropriate working conditions are maintained.

Training sessions were undertaken at the end of 2023 for Karoon employees in Australia and Brazil. The Company has assessed additional measures to maintain and improve awareness, understanding and integration of Modern Slavery issues and strategy throughout the business. The intent is to integrate Modern Slavery awareness and training into the Company's online training portal.

## CONTINUOUS IMPROVEMENT

Karoon takes a continuous improvement approach in its efforts to understand and reduce the risk of Modern Slavery in our supply chain, with our systems and processes fully aligning with the Modern Slavery Act (2018)(Cth) ("Modern Slavery Act").

Since our first Modern Slavery statement in 2021, Karoon has continued to build a robust framework, including the introduction of our Human Rights policy to support existing Whistleblower, Code of Conduct and Anti-Bribery, Fraud and Corruption policies, which are core to our Modern Slavery program.

Karoon is also actively engaged with Environment, Social and Governance (ESG) assessment organisations, which allow us to gain insight through independent reviews of our reporting and systems. In 2025 we are expanding to include the Carbon Disclosure Project (CDP), with a focus on increasing our transparency and engagement with our value chain.

The table below provides a summary of Karoon's progress against our Modern Slavery plan in 2024. While several of our core initiatives were completed, some remain in progress and are considered ongoing annual activities. The priority for 2025 is to deepen our understanding of our core supplier base and increase the number of suppliers engaged through our SAQ process.

**FOCUS AREAS ACHIEVED 2024:**

<b>Governance and Policy</b>	Reviewed and aligned governance policies. Code of Conduct reviewed, Human rights and Freedom of Association policy combined and approved by Karoon's Board.	Complete
	Establish a cross-functional working group to implement Modern Slavery strategy and due diligence throughout the organisation (sustainability, legal and procurement)	In progress
<b>Procurement – risk assessment and due diligence</b>	Review existing procurement processes to incorporate Modern Slavery compliance requirements for existing and new suppliers	In Progress
	SAQ for top 20 suppliers based on 2023 spend	Complete
	Desktop assessments to cover 99% of suppliers by spend	Complete
	Map and assess the potential exposure of suppliers beyond Tier 1	Complete
<b>Grievance mechanisms, response and remediation</b>	Communicate actions/strategy internally for approval and present risks to the Board	Complete
	Establish process for reporting Modern Slavery risks and incidents internally to executive committees and Board	Complete
	Whistleblower channel to be posted in the FPSO, including basic information on Modern Slavery (how to spread awareness on available grievance mechanisms)	In progress
	Industry collaboration (e.g. the Brazilian Business Council for Sustainable Development, external working groups, discussion forums with peers)	Complete
	Remediation plan to outline appropriate action in case of Modern Slavery in the supply chain or within operations (investigation, follow up on incidents, engagement with other parties involved)	In progress

**LOOKING FORWARD: FOCUS AREAS FOR 2025**

<b>Governance and Policy</b>	Establish a cross-functional working group to implement Modern Slavery strategy and due diligence throughout the organisation (sustainability, legal and procurement)	
	Modern Slavery and grievance awareness e-learning course for contractors, suppliers and employees (e.g. pilot with selected suppliers)	
<b>Procurement – risk assessment and due diligence</b>	SAQ's for selected suppliers (top 30 based on 2024 spend) if not already completed in the previous 12mths	
	Modern Slavery risk assessment update (based on 2024 spend and expanded supplier base to be assessed)	
	On-site social compliance audit for Carbon Projects	