

MODERN SLAVERY STATEMENT



Introduction

This Modern Slavery Statement covers the activities of Pacific Petroleum ABN: 31 618 546 339/Pacific Petroleum Products Pty Ltd ABN: 36 689 242 093 for the period of 1 July 2019 to 30 June 2020.

This inaugural statement, compiled under the *Modern Slavery Act 2018 (Cth)* outlines the actions taken to assess and address modern slavery risks in internal operations and external supply chains, and forms part of a program of commitment to further engagement and development over time.

It is recognised that while Pacific Petroleum is at the end of almost all of its supply chains, and is a price taker as opposed to market influencer in almost all of its relationships, all entities have a role to play in respecting human rights and that the actions each entity takes to assess, address, report and engage on these matters, leads to greater awareness and action and thus potentially better outcomes.

ABOUT

Industry

Pacific Petroleum is part of the downstream petroleum and lubricants industry. This industry includes:

- Fuel and lubricants wholesale businesses, who source transport fuels in fuel trucks from terminals and depots to clients on farms, construction sites and service stations, and
- Fuel retail businesses, who retail transport fuels to customers at service stations. There are approximately 7,300 retail fuel sites, or service stations, in Australia

The downstream petroleum industry in Australia is the end of a long supply chain in terms of its key inputs; fuel, fuel truck equipment, fuel storage equipment, fuel pumping equipment, convenience store equipment and product offering.

While to a consumer, particularly at a service station level, the industry appears dominated by large international brands, the reality is that most service stations and fuel transport and depot businesses are independent, family operated businesses, many of which are small to medium in size.

The downstream petroleum industry is categorised by high volumes of sales of fuel, at low margins (ACCC 2020).

For more information on the operation of the downstream petroleum industry see:

- ACAPMA - Australasian Convenience and Petroleum Marketers Association - <https://acapma.com.au/>
- ACCC Financial performance of the Australian downstream petroleum industry 2020-2018, April 2020

- <https://www.accc.gov.au/system/files/Financial%20performance%20of%20the%20Australian%20downstream%20petroleum%20industry%202002%20to%202018.pdf>

Entity

Pacific Petroleum is a family business and proprietary limited company head office at 1628 Ipswich Road, Rocklea Qld 4106.

Started in 1969 by Ivan Hollows with a fuel transport focus, in 1974 the first retail site was added to the business. A family operation, Pacific Petroleum is now headed by Ivan's son Michael Hollows.

Operating 4 retail fuel sites or service stations in the across Queensland and 3 depots across Queensland and New South Wales.

Employing 14 staff at head office as well as 16 staff in retail and 52 in wholesale and transport.

Supply Chain

Pacific Petroleum is at the end of most of the supply chains it participates in and has a policy and operational approach to engage with Australian based entities in the first instance where ever practical to support Australian owned and Australian made.

The operations have variable suppliers based on availability and is supplied from a broad range of industry subsegments, including the following:

<u>Primary</u>	Fuel Fuel System Equipment Fuel Transport Vehicles Convenience store stock Convenience store Equipment Electricity Water Telecom Commission Agent Stores Contractor/subcontractor Drivers
<u>Secondary</u>	Fuel Systems maintenance services Fuel Transport Vehicle maintenance service Uniforms Software Promotional coordination service Promotional Materials Office consumables
<u>Tertiary</u>	Subscriptions Legal services Taxation services Business and financial services Waste management services

Pacific Petroleum imports one particular line of lubricants from the USA in a standard business to business transaction as required, however the vast majority of suppliers are Australian suppliers.

Pacific Petroleum employs 10 staff overseas, based in Clark in the Philippines. The staff are employed and managed directly by, and work exclusively for Pacific Petroleum.

Risks of modern slavery practices in operations and supply chains

Internal operations

Pacific Petroleum has undertaken to assess the risks of modern slavery in internal operations and they are considered to be low. In addition to the commitment to and compliance with Australian employment and safety laws, which reduces the risk of modern slavery impacts, Pacific Petroleum also actively participates in annual independent review of employment and safety compliance audits undertaken by the industry association ACAPMA.

Commission agent arrangements

Pacific Petroleum partners with other businesses who operate sites owned/branded as part of the entity network in a Commission Agent arrangement. Not technically a franchise arrangement, it is nonetheless similar in that there is a connection of branding, however the retail fuel site that is a commission agent does not own the fuel, their business simply receive a commission for selling the fuel on behalf of Pacific Petroleum. These separate businesses engage, pay and manage their own staff. While separate businesses it is recognised that they pose a risk of modern slavery connected to Pacific Petroleum and as such special engagements and requirements, including requirement to provide evidence of annual independent audit of employment and safety compliance, has been undertaken.

International staff

Pacific Petroleum employs 10 staff who are based in Clark in the Philippines. These staff are employed and managed directly by Pacific Petroleum, however it is recognised that as international employees there is a higher risk of modern slavery concerns, particularly with the 7.7 victims of modern slavery for every 1,000 people that is noted by the Global Slavery Index (Global Slavery Index - <https://www.globallslaveryindex.org/2018/data/country-data/philippines/>). To address this risk Pacific Petroleum has implemented a series of specific controls to address and manage these risks.

Supply chains

Pacific Petroleum is an Australian entity that sources its products and services from mostly Australian entities and suppliers, reducing the risk of modern slavery practices being present.

Australia's Global Slavery Index is at 0.6 victims of modern slavery for every 1,000 people, one of the lowest in the world, with the highest risks in sexual exploitation, forced marriage and forced labour. The overall risk level for Australia is Low according to the Global Slavery Index (Global Slavery Index - <https://www.globallslaveryindex.org/2018/findings/country-studies/australia/>)

Assessing and Addressing Risk

Pacific Petroleum has, as part of this first modern slavery statement reporting period, undertaken to educate itself and its decision makers about modern slavery, and to develop a plan for assessing risk now and into the future and building and developing the framework for addressing risks.

During the first reporting period Pacific Petroleum has:

- Educated itself. This included researching the nature of modern slavery, understanding government guidance, engaging with the industry Association on industry context and specific industry risk points.
- Undertaken an initial risk assessment of internal operations and developed a plan for ongoing assessment, reporting, response and review.
- Undertaken an initial risk assessment of supply chains and developed a plan for ongoing assessment, reporting response and review.

- Updated policies to reflect modern slavery considerations.
- Added modern slavery considerations to major supply contracts.

Pacific Petroleum has developed a plan to increase the effectiveness of its modern slavery approach for both internal operations and supply chain, this plan includes:

Internal Operations:

- expanding internal communications on the risks of modern slavery,
- expanding training on the risks of modern slavery to other leaders in the operation,
- communication of modern slavery statement to all staff,
- communication of internal confidential reporting mechanisms already in place and their availability for reporting modern slavery concerns,
- continuing with annual external employment and safety compliance auditing,
- annual internal risk questionnaire and the addition of modern slavery considerations to safety and compliance meetings, and
- quarterly executive review of risks in operations and review of internal confidential reporting mechanisms.

International Operations:

- Review and strengthening of existing controls and contacts with international staff which currently include:
 - International contracts for direct staff, each benchmarked to at least local wage minimums for each job role – review undertaken annually as a matter of operations
 - Facility fitness, cleanliness and maintenance contracts – review undertaken quarterly as a matter of operations
 - Annual face to face staff meetings onsite and periodic remote (Zoom) meetings with staff, away from local manager, to allow for open discussion of any concerns
 - Regular impromptu visits onsite to identify any issues, and
 - Independent audit by a top tier audit firm every 3 years.
- expanding internal communications to international staff on the risks of modern slavery,
- expanding training on the risks of modern slavery to other international leaders in the operation,
- communication of modern slavery statement to all international staff, and
- communication of internal confidential reporting mechanisms already in place to international staff and their availability for reporting modern slavery concerns.

Supply Chain:

- expanding the risk assessment to include supplier questionnaires to identify product origin and product origin risk factors,
- specifying modern slavery considerations in major supply contracts,
- reviewing the Modern Slavery Statements of major suppliers (once published), and
- engaging with the industry association to addressing any specifically identified areas of concern in the broader supply chain.

Any claims or instances of modern slavery will be addressed in confidentiality and in concert with advice from the local and international industry association and government. Pacific Petroleum recognises that we are not equipped to handle instances on our own.

Assessing Effectiveness

Pacific Petroleum is committed to reviewing the approach to modern slavery and all associated processes, policies and communications. The addition of modern slavery to the quarterly executive meetings and all safety meetings, in addition to the specific modern slavery statement preparation process ensures ongoing review of systems and effectiveness.

In addition, over time, reporting on; the number of complaints received and resolved, the proportion of management and leaders trained in modern slavery and the engagement with suppliers on modern slavery will allow for the assessment of the effectiveness of the approach.

Consultation

Pacific Petroleum has no associated entities, as such consultation on this statement was conducted entirely internally and it was approved by each director prior to publication.

Other Items

This statement is the first for Pacific Petroleum. It is recognised that this is a starting point for a broader engagement, assessment and communication program and that further steps will be required in the future and Pacific Petroleum is committed to taking the steps required to do its small part in combating modern slavery.

This statement was approved by the Board of Directors for Pacific Petroleum on 22 March 2021.



Michael Hollows
Managing Director
24 March 2021