



# **FY2020**

# **Modern Slavery**

# **Statement**



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## Statement from the CEO

Roc Oil Company Pty Limited (**ROC**) is committed to supporting and respecting the protection of internationally proclaimed human rights. We understand that modern slavery and human trafficking can occur in many forms and are committed to operating responsibly and ensuring we have robust standards and processes to minimise and address modern slavery risks.

At ROC we are dedicated to continuous improvement of our policies and procedures relating to the identification of modern slavery risk and we continue to review and improve our approaches to combating modern slavery within our operations and supply chain on an ongoing basis.

This statement is approved by the Board of Roc Oil Company Pty Limited.



Lorne Krafchik  
Chief Executive Officer

## Introduction

This is the first modern slavery statement developed by ROC. The Modern Slavery Statement has been prepared in accordance with the *Australian Modern Slavery Act 2018* (the **Act**) and is aligned with the United Nations Guiding Principles on Business and Human Rights. The Modern Slavery Statement covers the activities (operations and supply chain procurement) of the reporting entity, ROC, and ROC's controlled entities for the reporting period 1 January 2020 to 31 December 2020.

Under the Act, the definition of modern slavery encompasses trafficking of persons, slavery and the slave-like practices of servitude, forced labour, debt bondage, deceptive recruiting for labour or services, and the worst forms of child labour.

ROC acknowledges its responsibility to respect human rights and continues to take steps to address modern slavery risks across its operations and supply chains. This Modern Slavery Statement outlines the steps ROC has taken, and will continue to take, to identify, address and mitigate these risks across its operations and controlled entities, especially in countries where modern slavery may be suspected.

## Structure, Operations and Supply Chains (Criteria 1 & 2)

### Organisational Structure

The reporting entity for this Modern Slavery Statement is ROC, a consolidated entity comprising of 17 wholly owned subsidiaries and one minority-owned associated company.

ROC is an independent upstream oil and gas company, 51% owned by Hainan Mining Co. Ltd, a Shanghai-listed public company principally engaged in iron ore exploration, mining, sales and international trade and mixing iron ore products, and 49% owned by Fosun International Limited, a Hong Kong-listed investment company engaged in industries that include financial, property, steel and healthcare businesses. Both companies are domiciled in the People's Republic of China.

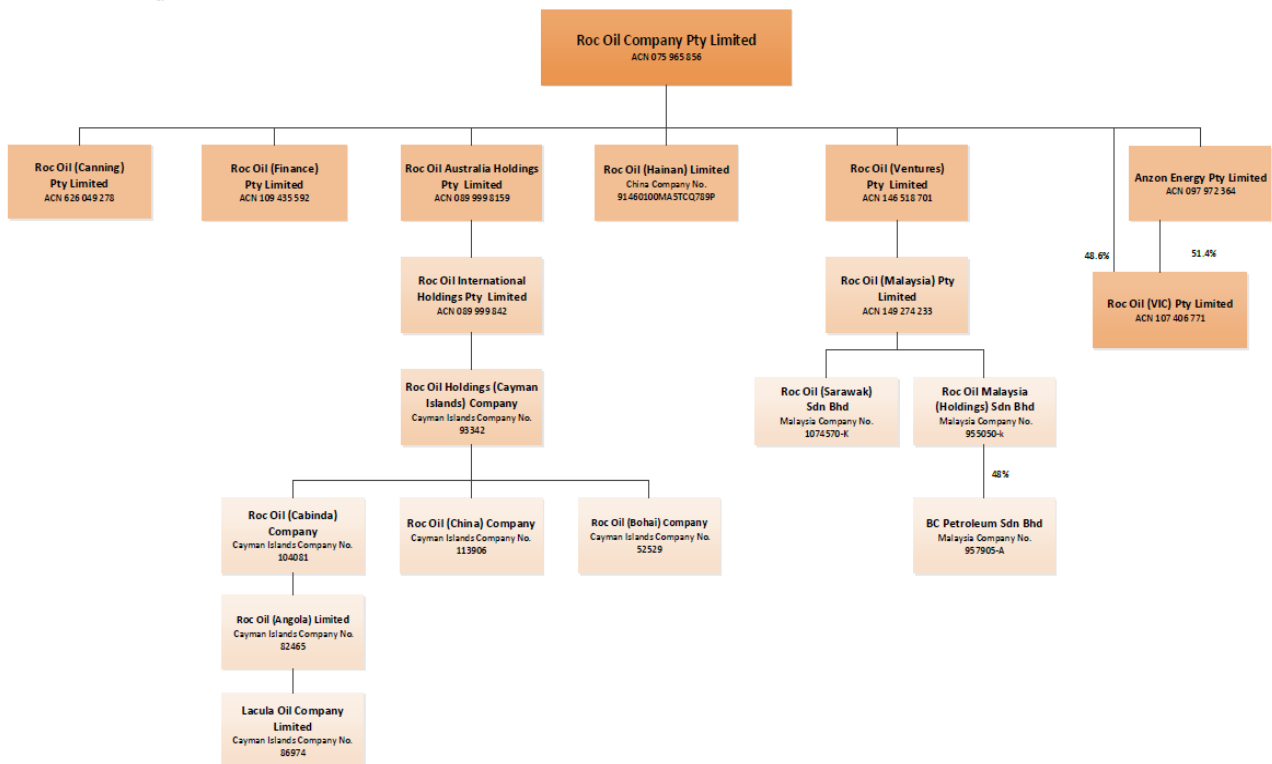
ROC operates out of its registered head office at Level 11, 20 Hunter Street Sydney, with regional offices in Beijing, China, and Kuala Lumpur, Malaysia. ROC's assets are owned by various separate controlled entities. In Malaysia, Roc Oil (Sarawak) Sdn Bhd is responsible for all Malaysia-based operations. Roc Oil (China) Company and Roc Oil (Bohai) Company are responsible for ROC's China-based operations. All controlled entities operate under the direction and governance of ROC and share the same Board, Board committees, and executive management team.

Figure 1 provides an overview of the ROC group corporate structure. For more information on the ROC group's organisational structure and governance, please refer to the 2020 Annual Financial Report at <http://www.rocoil.com.au/Media-Centre/Financial-Reports>.

ROC employed 108 people during 2020, comprising of 57 employees in Malaysia, 42 employees in China and 9 employees in Australia. All employees (including one contractor) are employed directly by the ROC group. Each regional office is responsible for hiring and training its workforce, guided by ROC company policies and procedures. The ROC Group structure is presented in Figure 1.

**Figure 1 – ROC Group Structure**

(as at 31 December 2020)





## Corporate Governance

As the parent company, ROC's Board of Directors is responsible for establishing and maintaining good corporate governance of the company and group. Our corporate governance processes provide the foundation for guiding our employees, partners, and suppliers on our commitment to respect human rights and engage in ethical decision-making.

Given the relatively small size of our Board, it oversees and monitors all of ROC's compliance with regulatory requirements and our own ethical standards, including Audit and Risk, Nomination, Remuneration and Health, Safety and Environment issues.

## Operations

ROC is experienced in exploration, development, and operation of both onshore and offshore oil and gas fields in China, Southeast Asia and Australia. ROC operates across the full range of upstream business activities from exploration and appraisal to development and oil and gas production.

The joint venture partners for WZ12-8E in the Beibu Gulf, China reached final investment decision to develop the field and ROC undertook development operations. Fabrication of the facilities commenced. In the Pearl River Mouth Basin, China, preparatory work to spud the first of two commitment exploration wells was conducted.

ROC conducted redevelopment activities at the D35B field, Malaysia, which consisted of drilling four new wells and undertaking one well workover. Redevelopment work for the D21 field was also conducted which consisted of drilling additional appraisal and development wells. A new deck extension with three new conductor slots was also completed in 2020.

ROC's investments in joint arrangements are contractual agreements through joint ventures (JVs). Table 1 and Figure 2 summarise ROC's interests and activities in several oil and gas fields, each of which can consist of several 'blocks', or exploration or production licence areas.

**Table 1 – Summary of ROC's Asset Portfolio**

Country	Field/Block	Activities and Interest
<b>Australia</b>	Ungani Oilfield (L20 & L21)	Oil production. Non-operated working interest under a JV agreement (50%).
<b>China</b>	Beibu Gulf (WZ6-12 and WZ12-8W)	Oil and gas production. Non-operated working interest under a Production Sharing Contract and joint venture agreement (19.6%).
	Beibu Gulf (WZ12-8E)	Exploration and development. Operator (40%).
	Beibu Gulf (WZ10-3W)	Oil exploration, appraisal and development. Operator for development planning and execution (35%).
	Beibu Gulf (Block 22/04)	Exploration. Non-operated working interest under a Production Sharing Contract (35%).
	Bohai Bay, Zhao Dong Block (C and D Fields)	Oil development and production. Non-operated working interest under a Production Sharing Contract (24.5%).
	Bohai Bay, Chenghai and Zhanghai Blocks	Oil exploration and appraisal/development. Non-operated working interest for exploration and appraisal, 80%; development and production, 39.2% (after government back-in).
	Pearl River Mouth Basin 03/33 – Contract Area A	Oil exploration and appraisal. Operator (100%).

Country	Field/Block	Activities and Interest
	Pearl River Mouth Basin 03/33 – Contract Area B	Oil exploration and appraisal. Operator (50%).
<b>Malaysia</b>	D35/D21/J4	Oil and gas development and production. Non-operated working interest under a Production Sharing Contract (30%), Project Development Manager for redevelopment operations.

**Figure 2 – ROC Asset Locations**

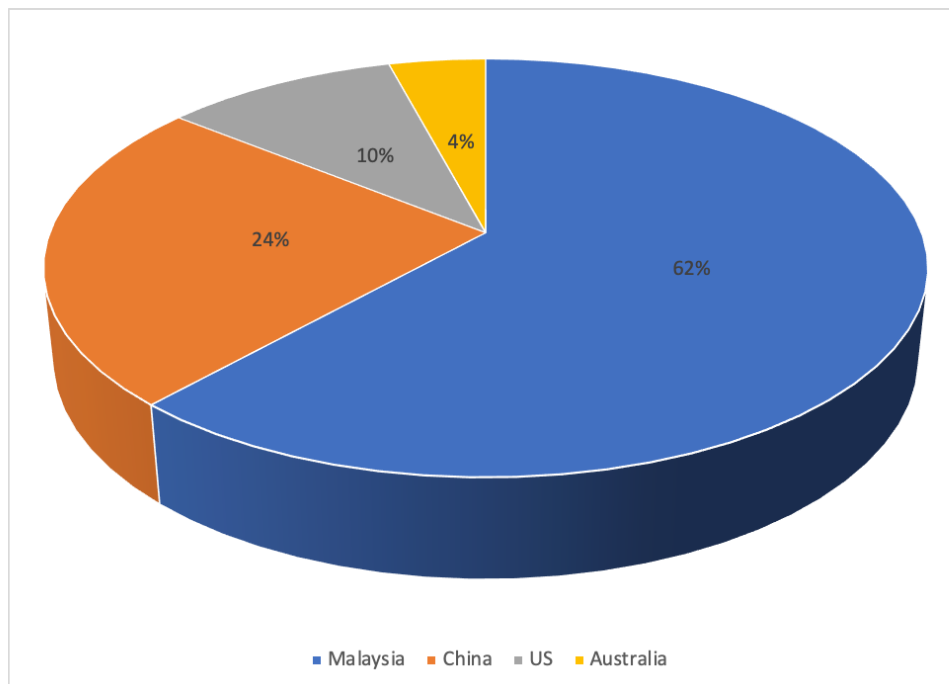
(as at 31 December 2020)



## Supply Chain

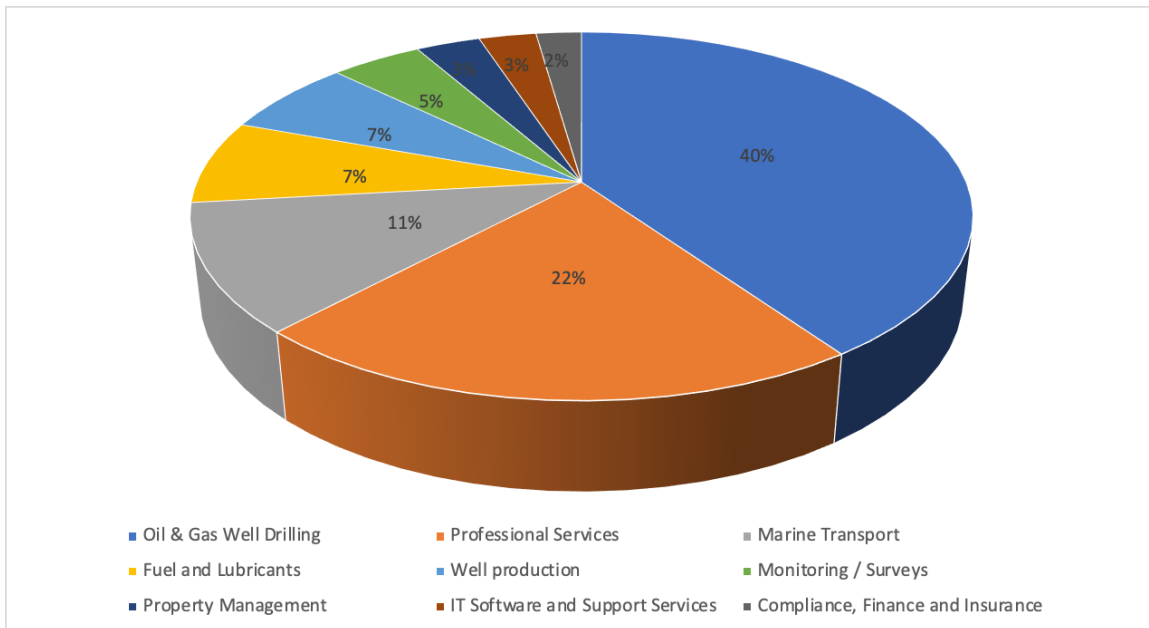
Procurement and supply chain management within the ROC group is a decentralised function and controlled at the regional level. During 2020, ROC spent AUD 59.5 million across 178 Tier 1 (direct) suppliers. Most Tier 1 suppliers are based in Malaysia and China, supporting our Southeast Asian and Chinese operations. Figure 3 shows the breakdown by supplier location.

**Figure 3 – Spend by Supplier Location**



Our direct supply chain costs consisted primarily of expenditure supporting our redevelopment work. This involved oil and gas well drilling, professional services (e.g., corporate and technical services), marine transport, fuel and lubricants, well production, and monitoring and surveying costs. Smaller expenditure categories arose from our corporate functions, such as property management, IT software and support services, compliance, finance and insurance costs, telephone and internet, and travel. Figure 4 shows the breakdown by spend category.

**Figure 4 – Supply Chain Categories**



## Modern Slavery Risks (Criterion 3)

ROC engaged a third party to conduct a preliminary review of our operations and Tier 1 supply chain to identify the types of practices, products and services that may involve risks of modern slavery. The review considered exploration, office-based and redevelopment activities, and associated Tier 1 supply chains in China, Malaysia, and Australia during the reporting period.

The following modern slavery risk factors were considered in undertaking the review:

- Geographic locations of ROC operations/workforce and supply of goods or services.
- Entity risk, considering the maturity of ROC’s policies, procedures and training, and the systems of governance/oversight over controlled entities and suppliers.
- Workforce profile and conditions, considering the mechanisms for workforce engagement of ROC personnel (e.g., third-party labour contracting, migrant workers) and workforce skill levels.
- The types of products and services in the supply chain, some of which present a heightened risk of modern slavery.



## Operations Review

ROC reviewed our workforce during the reporting period, considering location, method of employment (i.e., employee or contractor) and the nature of roles performed. Most ROC personnel are based in Beijing, China and in Kuala Lumpur, Malaysia. Most employees are employed in skilled roles in either a technical operational (i.e., engineering, geology etc) or corporate (i.e., legal, human resources, finance) role.

High-risk factors for modern slavery can include operating in areas with higher prevalence of vulnerable populations (e.g., migrant workers and base-skilled workers), and business models structured around high-risk work practices (e.g., third-party labour hire).

In reviewing our operations risk, few risk indicators for modern slavery have been identified, as our workforce comprises skilled labour employed directly by ROC entities and employees are covered by our group policies and procedures. Therefore, we consider there is minimal risk for our operations to directly cause modern slavery practices.

## Supply Chain Review

The supply chain review was performed by identifying the largest supply categories (by spend) for Tier 1 goods and services across ROC operations and identifying potentially high-risk categories and associated risk factors. We acknowledge that modern slavery risks are present in many suppliers regardless of size, our initial statement is focused on those categories where we have the most influence or leverage. Future reviews will have a broader scope and also focus on the already identified higher-risk products and services.

We note that some sector-specific high-risk product and service categories as listed by some organisations, include cleaning, security, maintenance, asset management, labour hire, logistics/transport, IT hardware, and consumables/materials. We used public information to assess which product or service categories could contribute to, or be linked to incidences of modern slavery, and therefore be considered as potentially high-risk categories, which include:

- Marine transport
- Property management
- IT hardware
- Property maintenance and cleaning
- Waste management
- Contract labour
- Personal protective equipment (PPE)

Marine transport and property management together comprise 14% of the expenditure for the reporting year. The other potentially high-risk categories all represent less than 1% of the expenditure per category.

ROC acknowledges that some of our Tier 1 suppliers are based in geographic areas that may have risks of modern slavery.

## Actions to Address Risks (Criterion 4)

In support of our first Modern Slavery Statement, ROC completed a risk assessment of our operations and Tier 1 supply chains to identify the highest risk categories associated with our largest areas of spend.

ROC is committed to maintaining the ethical standards of the company in the conduct of its business activities. Our reputation as an ethical business is important to our ongoing success and we expect our directors, employees and contractors to be familiar with, and have a personal commitment to, meeting these standards.

Our corporate governance documents that provide a foundation for guidance on our expectations with respect to human rights include:

- Code of Conduct – which sets the expected standards of ethical behaviour and conduct for all our employees and contractors in all our business locations.
- Corporate Governance Manual – which sets out relevant policies and practices (e.g., responsible decision-making, continuous disclosure, managing risk) beneath 8 principles for Board management and oversight.
- Anti Bribery and Corruption Policy – which states that “ROC is committed to carrying on its business fairly, honestly and openly, and has a zero tolerance towards bribery and corruption” and sets out what amounts to corrupt behaviour and consequences of a breach of law or the policy.
- Whistleblower Policy – which states that “ROC encourages the reporting of any instances of suspected unethical, illegal, fraudulent or undesirable conduct involving ROC’s business and provides protections and measures so that those persons who make a report may do so confidentially and without fear of intimidation or reprisal”. The policy sets out how ROC personnel can report concerns anonymously and the processes for responding to reports of potential misconduct.
- All ROC employees have access to a 24/7 confidential helpline, enabling employees to raise any concerns they may have relevant to employment, job functions, responsibilities, and working conditions with ROC, which may include concerns of modern slavery risks.

ROC maintains procurement procedures and standard employment contracts, applicable to controlled entities in China and Malaysia.

## Future Actions

Building on our foundations, we plan to continue to build on our understanding of modern slavery risks in our supply chain and extend our review to include smaller spend categories and Tier 2 suppliers, and to strengthen our risk management controls, including:

- Establishing a working group across all levels of the company to engage employees, gather ideas, and develop an action plan to monitor and manage the potential risk of modern slavery across our regional operations.
- Reviewing and updating our corporate governance documents to support the identification and mitigation of potential risks of modern slavery across our regional operations and supply chains.

- Provision of training to our employees on modern slavery risks and any updated governance documentation.

## Effectiveness Assessment (Criterion 5)

As this is our first Modern Slavery Statement, our focus was on understanding the requirements of the Act and identifying potential modern slavery risks associated with our operations and supply chain. In future years, ROC will assess performance through measures such as supplier questionnaires and controlled entity reporting against performance measures detailed in our future action plan.

## Consultation with Owned or Controlled Entities (Criterion 6)

This statement covers all controlled entities under ROC's group structure. Controlled entities all operate under the direction and governance of ROC and share the same executive management. Consultation with regional offices regarding Tier 1 suppliers and associated spend during 2020 occurred to support the preparation of this statement.

## References

UN. 2011. Guiding Principles on Business and Human Rights. United Nations Human Rights Office of the High Commissioner. New York. Geneva.