

MODERN SLAVERY STATEMENT FY20

1 ABOUT HORIZON

Horizon Oil Limited ACN 009 799 455 (**Horizon**) is an Australian ASX-listed public company (ASX code: HZN) with upstream petroleum operations in China and New Zealand. Horizon's corporate headquarters and registered office is in Sydney, Australia. Horizon has prepared this Modern Slavery Statement (**Statement**) in accordance with the Australian Modern Slavery Act 2018 (**Act**).

This Statement is Horizon's first Modern Slavery Statement and demonstrates our commitment to making the right kind of impact and to enhancing the communities in which we operate.

2 STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Reporting criteria 1 & 2

2.1 - Horizon's reporting entity and organisational structure

Horizon makes this Statement for the financial year ended 30 June 2020 (**FY20**).

This Statement covers all of Horizon's controlled entities, details of which are set out in Horizon's Annual Report 2020 (**Horizon Group**). Each entity within the Horizon Group is governed by Horizons' policies, procedures, and systems.

As at the end of FY20, the Horizon Group employed a total of 18 personnel, comprising 17 in Australia and 1 in Papua New Guinea.

During the reporting period, the Horizon Group held assets in Papua New Guinea. On 27 October 2020, and subsequent to the end of the reporting period, the Horizon Group divested these assets and ceased operations in Papua New Guinea.

2.2 - Horizon's operations

For the reporting period, Horizon's operations comprised the exploration, development and production of oil and gas. Produced crude oil was sold to customers in Australia, New Zealand and China.

The Horizon Group's activities are primarily conducted through joint ventures governed by joint operating agreements and/or production sharing contracts.

In addition to its corporate headquarters in Sydney, Australia, the Horizon Group's operations can be summarised as follows:

[a] China (Beibu) and New Zealand (Maari)

Horizon holds interests in producing offshore oil assets in China (**Beibu**) and New Zealand (**Maari**). Horizon's revenue is wholly generated from the production and sale of crude oil from Beibu and Maari. Crude oil from the Beibu operations is sold into the Chinese domestic market and crude oil from the Maari operations is sold into the domestic refinery market in New Zealand and Australia.

Horizon is a non-operating joint venture participant in Beibu and Maari and therefore delegates the day-to-day decisions in respect of the Beibu and Maari operations to the operator of these oil projects.

[b] Papua New Guinea (PNG)

During the reporting period, Horizon held interests in exploration and pre-development natural gas assets in PNG. These assets were not in production and limited exploration and development planning activity was undertaken in PNG during FY20.

Horizon was both an operating and non-operating joint venture participant in PNG. In respect of its operated joint venture interests, Horizon was directly responsible for the day-to-day operational decision making during the reporting period.

2.3 - Horizon's supply chain

Horizon's supply chain involves primarily oil field engineering, fabrication and technical services, logistics, specialist consultancies, corporate services, and labour.

During FY20, Horizon had approximately 160 direct suppliers and approximately US\$10.5 million in direct procurement spend, which excludes taxes, joint venture and intercompany transfers and debt principal repayments. Nearly 75% of Horizon's direct procurement spend occurred in Australia. In the case of Horizon's non-operated joint venture interests, in particular Beibu

and Maari, procurement processes are managed by the relevant joint venture operator.

Horizon also has an indirect supply chain which includes, for example, cleaning services, uniforms and electronic components within our oilfield processing equipment.

3 OPERATIONAL AND SUPPLY CHAIN RISKS

Reporting criteria 3

Horizon undertook an internal review of its suppliers and supply chain with respect to risks of modern slavery practices. The scope of the review included Horizon's corporate head office and its operated and non-operated joint ventures. In assessing the risks of modern slavery practices potentially attributable to its operations and supply chain, Horizon referred to material published by the Walk Free Foundation, including the 2018 Global Slavery Index (GSI).

Potential risks of modern slavery practices were assessed according to the following indicators:

- **Geographic location** – based on the estimated prevalence of modern slavery practices in that location;
- **Industry sector** – certain industry sectors are deemed high risk in terms of modern slavery practices;
- **Product or commodity** – certain products or commodities are deemed high risk in terms of modern slavery practices¹.

Based on this review, Horizon identified the following areas which may be at high risk of modern slavery practices:

- **IT and telecommunications equipment** - The oil and gas industry relies heavily on IT and telecommunication equipment in the conduct of its operations. Horizon's indirect supply chain associated with IT and telecommunications equipment may include electrical components sourced from countries considered to have a high prevalence of modern slavery.

¹ An analysis of the labour involved in the production of Horizon's goods and services was included as part of this indicator.

- **Personnel protective equipment and uniforms** – Horizon procures personal protective equipment and uniforms for use in its operations. Horizon's indirect supply chain associated with personal protective equipment and uniforms may include labour and materials sourced from countries considered to have a high prevalence of modern slavery.
- **Labour** – Labour engaged in Horizon's operations in Beibu and Maari are residents of various countries who are engaged in work on a structured roster basis. The COVID-19 pandemic and the restrictions imposed on international travel, including mandatory quarantine requirements in China and New Zealand, may be adversely affected the ability of rostered labour to travel easily between their work site and their point of origin. This could result in unduly extended rostered time on duty and/or an inability to return home in a timely manner. Such situations, if not properly managed, could give rise to situations that increase the potential risk of modern slavery practices.

Horizon is also aware of the increased vulnerability to modern slavery practices in PNG. Based on its most recent review, however, Horizon was satisfied that the risk of modern slavery practices in its direct supply chain in PNG was low. Subsequent to the end of the reporting period, Horizon ceased operations in PNG.

4 ACTIONS TAKEN TO ASSESS AND ADDRESS RISKS

Reporting criteria 4

Horizon's focus in FY20 was to strengthen its understanding of potential risk of modern slavery practices in its operations and supply chains and commit to actions that will improve its ability to identify and reduce those risks in future.

A number of activities were undertaken during FY20 to achieve that outcome and these are outlined below.

4.1 -Actions undertaken in FY20

During FY20 key activities undertaken by Horizon included:

- establishment of an internal modern slavery working group to review and assess potential modern slavery risks;
- mapping and assessment of modern slavery risk for all aspects of its operations, supply chains and products against the 2018 GSI;
- Horizon worked with the operators of its Beibu and Maari assets to understand the impact of COVID-19 travel restriction on work force rosters and to ensure appropriate measures were in place to protect against the risk of potential modern slavery practices;
- preparation and communication of the results of the modern slavery risk assessment to the Board;
- establishment of an independent, confidential and external whistleblower service via which concerns regarding suspected unethical or unlawful misconduct may be reported easily and anonymously;
- development of planned actions for FY21; and
- preparation of Horizon's first Modern Slavery Statement based on the outcome of the mapping and risk assessment programme in accordance with the Modern Slavery Act 2018.

4.2 - Actions planned for FY21

During FY21 Horizon plans to undertake the following key activities:

- review and update the pre-qualification process for operators, suppliers, and service providers to ensure that modern slavery risks are specifically addressed,

and incorporate modern slavery clauses into new contracts;

- work with our joint venture partners to review risks in international operations and evaluate ways in which to embed modern slavery risk management into existing operational systems; and
- develop and implement a structured consultation and awareness programme for Horizon personnel.

5 EFFECTIVENESS ASSESSMENT

Reporting criteria 5

As part of Horizon's risk management system, Horizon reviews risks of modern slavery every 6 months reporting the results to the Risk Management Committee and the Board. The established controls and the effectiveness of the mitigating actions are assessed as part of the risk management process.

Horizon expects to continue a structured internal audit of its activities based on risk and exposure during FY21.

6 CONSULTATION WITH OWNED / CONTROLLED ENTITIES

Reporting criteria 6

Horizon's controlled entities are listed in Horizon's Annual Report 2020. These controlled entities all operate under the direction and governance of Horizon. Horizon's Risk Management Committee will retain oversight of modern slavery risks as part of the risk management process. Horizon's management has also been involved in the compilation and endorsement of this statement for approval by the Board.

This statement was approved by the board of Horizon Oil Limited on 23 February 2021.



Chris Hodge

Managing Director and Chief Executive Officer