



**PetroChina International Australia Pty Ltd**



**Modern Slavery Statement FY21**

## Statement from the Director

PetroChina International (Australia) Pty Ltd (PCIAU) is pleased to publish its Modern Slavery Statement for FY2021.

We recognize the value of this process in identifying, understanding and rectifying the risk of modern slavery in our operations and supply chains and the importance of our broader commitment to addressing global human rights, environmental and social issues.

Following on from our first Modern Slavery Statement we have continued our endeavours to better understand the modern slavery risks in our operations and supply chain. As our business matures, we will continue to develop and improve our ability to understand and manage those risks.



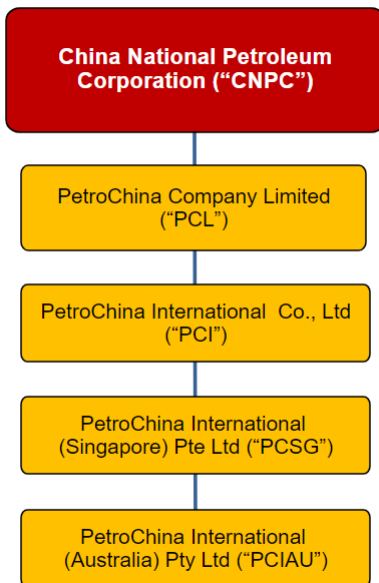
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General Manager & Director (Mr Gu Di)  
PetroChina International (Australia) Pty Ltd

### About Us

PetroChina International (Australia) Pty Ltd (**PCIAU** or **the Company**) is an Australian registered international oil and gas trading company based in Brisbane, Australia. It was established in 2017 and is a wholly-owned subsidiary of PetroChina International Limited (**PCI**) which is one of the world's largest traded international oil and gas companies.

PCI, founded in 2002, is based in Beijing and has established subsidiaries and offices in over 20 countries, including three major Oil and Gas Trading and Operation Hubs in Houston, London and Singapore. PCI is the listed trading arm of state-owned China National Petroleum Corporation (**CNPC**), headquartered in Beijing. CNPC is currently Asia's largest oil and gas producer.



PCI manages and organises the international trade of crude oil, refined products, natural gas, LNG, petrochemicals, energy-saving technology and other businesses. PCI is also involved in the construction and management of overseas refineries, storage facilities, domestic service stations and transportation. The international trade business of PCI covers import, export, and transit trade, as well as overseas-commissioned processing. Trading activities cover over 100 different products, in over 80 countries and regions. These activities include oil refining, blending, storage, transportation, wholesale business and retail.

PCIAU engages in the trading of crude oil, petroleum products, petrochemicals, LNG, natural gas and related commodity derivatives, both in Australia, New Zealand and overseas and engages employees to carry out these activities. The Company provides a diverse portfolio of energy solutions for its customers and operates two main business lines:

- Refined products
- Natural gas.

In refined products the Company provides expertise in all aspects of fuel supply to the resources, agriculture, transport, marine and aviation sectors. PCIAU's commercial services include:

- Bulk fuel supply (delivered or customer pick-up)
- Fuel equipment solutions
- Tender and contract management
- Marine bunkering.

PCIAU is an active participant in the marketing of natural gas and LNG in Australia. As a registered participant with the Australian Energy Market Operator (AEMO), the Company trades predominantly in the East Coast gas market.

Since 2018, PCIAU has also been supplying a range of commercial oils and lubricants into the Australian market.

## Our mission and core values

The Company's mission and core values form an important part of the business.

Our mission is adherence to the principles of **Energise, Harmonise & Realise**:

- In carrying out our business in a more effective, safe and environmentally-friendly manner
- In pursuit of a balanced development between the economy, environment and society
- Provision of sustainable energy for economic and social development
- Striving for a better future for mankind.

We are committed to the safety of our people, minimising our impact on the environment, and honouring the communities in which we work. Our people include full time, part time, casual and contract workers directly employed by the Company. PCIAU expects our suppliers, contractors and business partners to hold equally high values and standards of doing business. In some situations, we will insist on explicit adoption of our values, policies and procedures as a requirement of doing business with us (for example HSE responsibilities for our fuel delivery contractors).

Our core values are **Credibility, Innovation, Performance, Harmony and Safety**:

Values	Behaviours
<b>CREDIBILITY</b>	We exhibit honesty and integrity at all times We can trust each other We treat each other fairly
<b>INNOVATION</b>	We identify and implement innovative solutions We respond to changing conditions We are open to other ideas
<b>PERFORMANCE</b>	We do everything to the best of our abilities We always look for ways to improve what we do We listen to and respect what each other has to say
<b>HARMONY</b>	We work together to achieve results We accept defined roles and responsibilities We listen to and respect what each other has to say
<b>SAFETY</b>	We only do what we are competent to do We use all of our systems to manage risk We look out for each other

We aim to apply these values in our everyday operations.

## Our Business

### Reporting Entities

In compliance with the *Modern Slavery Act 2018* (Cth) (**Modern Slavery Act**), this Modern Slavery Statement is a statement made on behalf of PetroChina International (Australia) Pty Ltd (**Reporting Entity**) under the Modern Slavery Act.

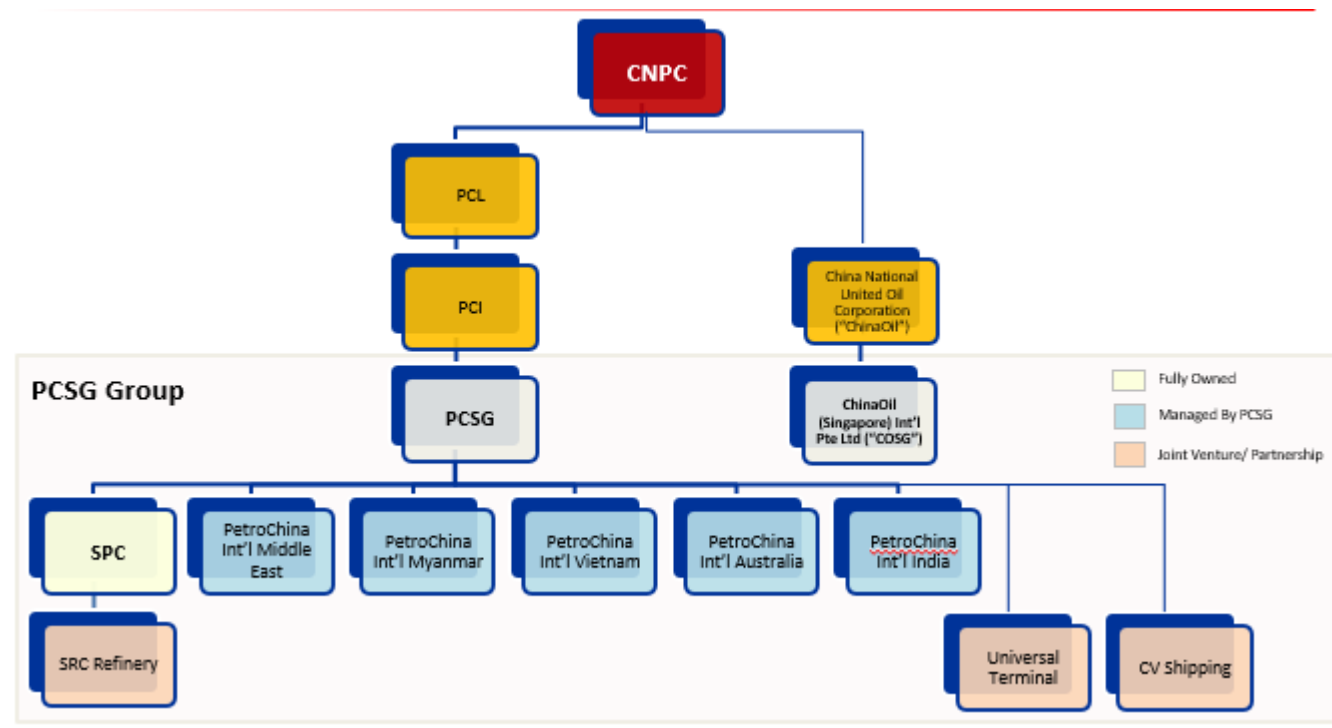
This statement is made with respect to the financial year ending 31 December 2021 (**Reporting Period**).

## Our Structure, Operations and Supply Chain

### Our Structure

As noted above, PCIAU is a wholly-owned subsidiary of PCI. From a functional and operational management and reporting perspective, PCIAU is managed by PetroChina International (Singapore) Pte Ltd (PCSG) as part of the Asia-Pacific region.

The PCSG group structure is shown in the chart below:



## Our Operations

PCIAU engages in the trading of crude oil, petroleum products, petrochemicals, LNG, natural gas and related commodity derivatives, both in Australia, New Zealand and overseas and engages workers within Australia to carry out these activities.

The PCIAU workforce predominantly consists of full time employees who are highly experienced industry and discipline specialists, 90% of whom hold a bachelor degree or higher. As a trading entity, all our people are office based with no field based or operational type roles. The Australian management team is comprised of 6 experienced, senior employees.

A total of 13 workers were employed or engaged by PCIAU during the Reporting Period, comprising:

- 11 full time employees
- 1 part time employee
- 1 contractor.

No young or migrant workers were employed during the Reporting Period.

The Company's office in Brisbane is its only location in Australia.

A summary of key activities is provided below:

<u>Business Area</u>	<u>Operations</u>
Refined Products	Importation of refined fuel products
	Wholesale fuel sales, hedging and delivery
	Pricing and business development
	Business & IT systems
Natural Gas & LNG	Wholesale gas trading, hedging and delivery
	Pricing and business development
	Business & IT systems
Support Functions & Governance	Includes; Finance, HR, HSSE, IT, Risk & Compliance
	Business & IT systems

## Our Supply Chain

A summary of key activities is provided below:

<u>Business Area</u>	<u>Supply Chain</u>
Refined Products	Fuel storage
	Importation via ship
	Fuel delivery via third party road transport contractor
	Business consultants and advisers
Natural Gas & LNG	Gas transport via pipeline
	Gas transport via ship
	Business consultants and advisers
Support Functions & Governance	Office supplies & IT equipment.
	Business consultants and advisers

## Modern Slavery Statement 2021

PCIAU is a high- volume, low-margin business and the cost of goods sold (COGS) represents a significant majority of our expenses. The main products bought for re-selling are: refined leaded and unleaded petroleum, diesel, jet fuel, LNG and natural gas. As a purchaser of large commercial quantities, PCIAU deals predominantly with large established organisations.

The total amount of procurement spend for the Reporting Period has been analysed to inform the Company's identification and assessment of its potential modern slavery risks. The key procurement categories for the Reporting Period, and the proportion of total spend (calculated in USD and subject to rounding), are:

- Refined fuel products (diesel, petrol, jet fuel) – 90.2%
- Natural gas products – 8.9%
- Consultancy fees – 0.16%.
- Insurance Expense – 0.15%
- Office Lease fees – 0.02%
- Fuel Storage fees – 0.01%



## Assessment of Modern Slavery Risks

PCIAU recognises that all products and services have the potential to carry modern slavery risks in their operations and supply chains. In the context of the Company, we have considered which parts of our operations and supply chains may involve a higher-level of modern slavery risk, having regard to the Global Slavery Index, the Commonwealth Modern Slavery Act 2018 – Guidance for Reporting Entities, and our procurement spending during the Reporting Period. This included a review sectors, products and services, countries, and entities that may involve high modern slavery risks.

Potential sources of risk include:

- Inter-action with higher-risk industries such as shipping
- Procurement of fuel and natural gas products sourced from higher-risk countries
- Possible reliance by upstream suppliers on vulnerable workers
- Procurement of services such as cleaning and security
- Sourcing of electronic goods and office supplies.

As a trading entity, PCIAU acknowledges the challenges in assessing the nature and severity of potential risks where there is limited visibility and control over its supply chains and is committed to identifying measures which may improve supply chain transparency.

### UNDERSTANDING MODERN SLAVERY RISK

- **Sector and industry risks:** Some sectors and industries may carry modern slavery risks because of their characteristics, products and processes. For example, extractives, textiles and fashion, electronics and cleaning are recognised as higher-risk industries globally.
- **Product and services risks:** Some products and services may carry modern slavery risks because of the way they are produced, provided or used. For example, cotton is recognised as a higher-risk product globally, while services such as cleaning often involve lower wages and manual labour and may be more prone to modern slavery practices.
- **Geographic risks:** Some countries may carry modern slavery risks due to poor governance, weak rule of law, conflict, migration flows and socio-economic factors like poverty.
- **Entity risks:** Some entities may carry modern slavery risks because they have poor governance structures, leading to poor treatment workers track record of human rights violations.

Source: Modern Slavery Act 2018 Guidance for Reporting Entities



## **Actions to Address Modern Slavery Risks**

PCIAU is committed to protecting human rights in its operations and supply chains.

The Company has taken appropriate actions to assess and address potential modern slavery risks, including the following measures:

- Observation of a range of group-level policies and procedures (adapted where necessary for Australian law and context) in order to ensure we conduct our business responsibly and in compliance with all relevant laws and regulations
- Code of Conduct governing the expectations of our people
- Equal Employment Opportunity and Anti-Discrimination policies
- Employee training, including anti-bribery and corruption and money laundering (which are closely associated with modern slavery risk)
- Employee education on modern slavery risks and red flags to look out for
- Selecting suppliers, where practicable, that are sizeable, reputable and recognisable companies – in this way we can assess their public statements regarding modern slavery
- Stipulation in supplier contracts that suppliers must comply with all relevant laws at all times
- Monitoring of suppliers to ensure their actions and behaviours are consistent with the Company's requirements and expectations and with the supplier's own public statements regarding modern slavery
- As part of the on-site audit process for fuel delivery services, there is direct engagement with drivers employed by our contractor to discuss working conditions from a safety and work rights perspective
- Processes for escalation of local issues to the regional PCSG whistleblower officer
- Human rights due diligence as part of Know Your Customer processes.

PCIAU also acknowledges the extensive activities and commitments detailed in the Environmental, Social and Governance (ESG) report of its parent, PCI. As a member of the United Nations Global Compact (UNGC), PCI reports its progress in compliance with the Ten Principles and Sustainable Development Goals and submit the annual report to be posted on UNGC's website (<http://www.unglobalcompact.org>).

The PCI ESG Report, which covers PCI and its wholly-owned and holding subsidiaries, is strongly endorsed by PCIAU.

No incidents of modern slavery have been identified during the Reporting Period.

## **Assessing the Effectiveness of Our Actions**

The key mechanisms through which the Company assesses the effectiveness of its actions are as follows:

- Oversight by the General Manager of senior management's implementation of key risk controls
- Processes for reporting and review of issues, complaints or grievances
- On-site audits

As a relatively new and small entity, having been first established in 2017, PCIAU recognises there are opportunities to enhance and mature these mechanisms as the Company evolves and grows.

## **Consultation**

PCIAU has consulted with the relevant team members within the Company for the purpose of this Modern Slavery Statement. There are no other entities owned or controlled by PCIAU with active business operations.

## **Looking Forward**

PCIAU recognises that continuous improvement is a key element of an effective response to modern slavery risks. The Company has considered a range of potential initiatives which may support continuous improvement, such as additional risk and compliance measures and activities to promote awareness through its supply chain and

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operations. These potential initiatives have been prioritised having regard to the nature and extent of the Company's risk profile and the reasonably anticipated benefits.

During FY22, we will focus on:

- Develop deeper understanding of how ESG practices established by PCI can be incorporated into PCIAU practices where possible and practicable.
- Review of our policies and inclusion of modern slavery considerations where needed
- More detailed risk assessment of our procurement expenditure
- Including modern slavery questions into our tender process for new suppliers
- Training for our staff to better understand modern slavery risks and to raise awareness of potential risk areas in our operations and supply chains
- Collaborating with a broader range of stakeholders around modern slavery risks.

An update on relevant future areas of focus will be provided in our future Modern Slavery Statements.

## Modern Slavery Statement 2021

PCIAU has prepared this Modern Slavery Statement in accordance with the Australian *Modern Slavery Act 2018* and with regard to the *Commonwealth Modern Slavery Act 2018 - Guidance for Reporting Entities* in relation to the financial year ending 31 December 2021.

**This Modern Slavery Statement has been approved by the sole Director of PCIAU (as the principal governing body) and signed in the capacity of General Manager (the responsible member).**



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General Manager & Director (Mr Gu Di)  
PetroChina International (Australia) Pty Ltd

Date: 20/09/2022