

# Karoon Energy Ltd

## 2021 Modern Slavery Statement

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25 November, 2021



# Karoon does not tolerate modern slavery

Karoon has not identified any instances of modern slavery within our business or supply chain.

We will continue to extend and refine our processes to identify and investigate any potential modern slavery issues.

Where needed Karoon will work with suppliers to mitigate modern slavery risks.

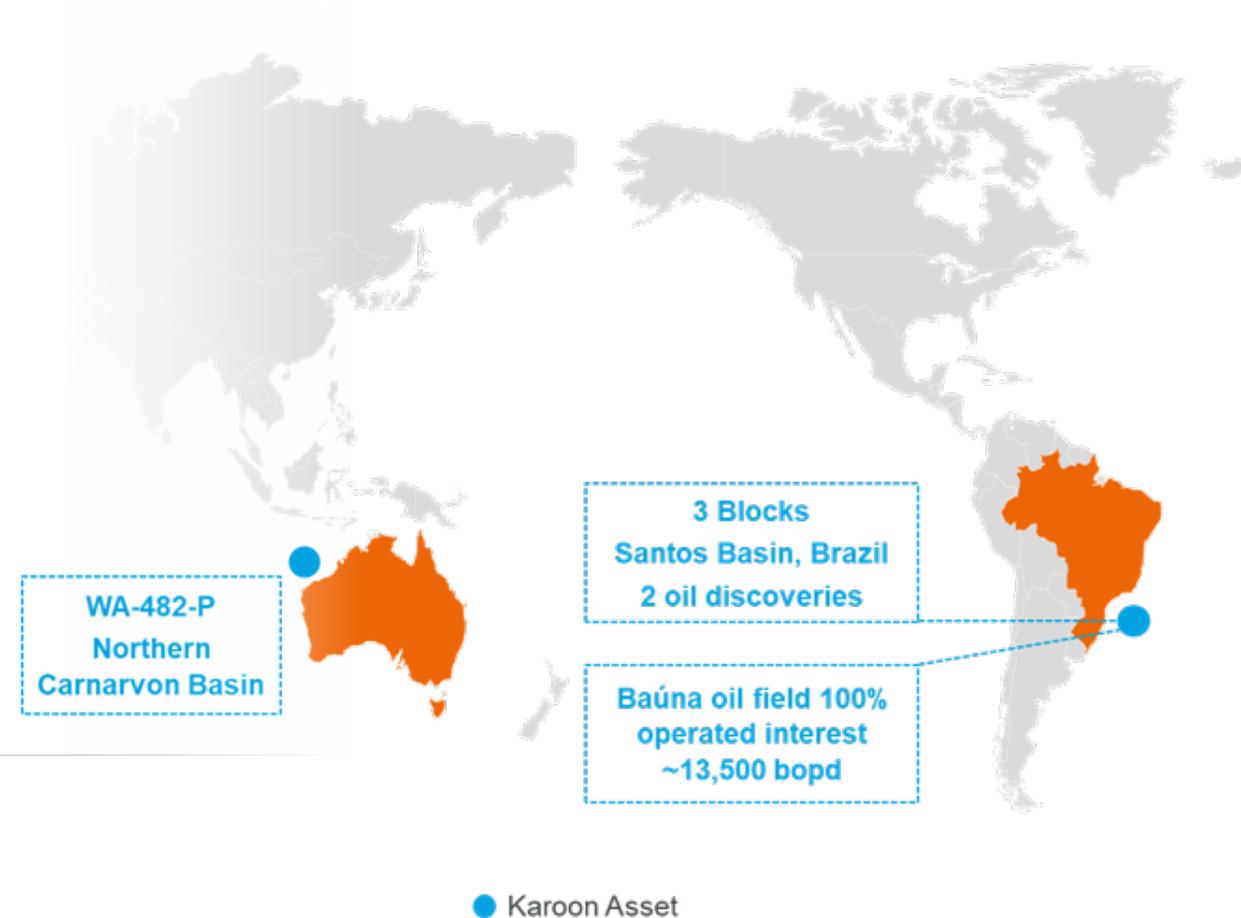
**Karoon Energy Ltd is an ASX-listed and Melbourne headquartered, Brazil-focused oil production and development company.**

## Our commitment

Karoon is committed to delivering safe and reliable oil production. Karoon aspires to be a leader in its field while fostering a culture that values transparency, honesty, integrity, respect and responsibility. In maintaining its corporate social responsibility, Karoon conducts its business ethically and responsibly, encouraging community initiatives, considering the environment and ensuring a safe, equitable and supportive workplace.

## Where we operate

Karoon's operations are focussed in Brazil through our 100% interest in the Baúna oil field. We also have exploration permits in Australia (50% interest with Santos) and Brazil (100% interest) and withdrew from an exploration permit in Peru during FY2021.



# Our Operations

Karoon took operatorship of its first oil production asset, the Baúna oil field in Brazil, in November 2020.

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## 3.14 mmbbls

Produced by Karoon in FY2021

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## 0.64 TRIR

Per 200,000 hours across all operations and offices FY2021

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## 88 Employees

(as at 30 June 2021) Majority located in Brazil

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## 16% Employee increase

Total number of employees as Karoon transitioned from explorer to producer

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# Managing our supply Chain

**Karoon engages major suppliers in Brazil and elsewhere through long term charter and services contracts to operate Baúna, and on short term contracts when undertaking exploration drilling campaigns from time to time.**

## **Our expectations**

Karoon has a strong commitment to supporting human rights throughout the Company, in its operations and supply chains. Karoon recognises the UN declaration of human rights and sets clear expectations for responsible business practice from all employees through our Code of Conduct and Sustainability Policy, both of which are available on our website, and our other supporting policies and procedures.

## **Oversight at the highest level**

Oversight of Karoon's social responsibility commitments and performance rests with the Sustainability and Operational Risk Committee of the Karoon Board. Karoon's Operational and Corporate Risk Management Teams are responsible for identifying and managing modern slavery risks within our business and supply chains.



## Sector and Industry Risks

- The extractive industries, including oil and gas, are generally recognised as high risk globally, particularly with regard to health and safety. This is further heightened in unregulated or politically volatile areas.
- The Karoon Operating Management System follows the International Oil and Gas Producers (IOGP) framework and is designed to ensure all Karoon operations are conducted with the health and safety of workers as the top priority.
- Contractors working in Karoon operations are expected to achieve Karoon's high safety expectations and steps are in place to ensure contractor compliance.
- Workers in Karoon's operations and offices are required to undergo HSSE training. All offshore workers must have work permits and undergo more detailed, vessel and activity specific training.
- All Non-Brazilian nationals working in Karoon's operations in the Baúna field in Brazil must have appropriate visas.

## Product and Services Risks

- Certain products and services may have high modern slavery risks because of the way they are produced, provided or used.
- Karoon aims to ensure equipment is sourced from reputable sources. This includes all equipment ranging from heavy operational or drilling equipment to employee uniforms.
- All Karoon contracts include a provision to ensure suppliers are aware of and comply with the high standards expected and zero tolerance with regard to modern slavery in Karoon's supply chain.
- Karoon recognises the importance of ensuring suppliers are appropriately paid and are able to work to realistic and achievable timeframes to minimise the potential to increase modern slavery risks.

## Geographic Risks

- Some countries may have higher risks of modern slavery due to factors including poor governance, weak rule of law, conflict, migration flows and socio-economic factors like poverty.
- Brazil, Karoon's operational base, is ranked 142 (of 167) in the Global Slavery Index from 2018 (compared to Australia where Karoon is headquartered, ranked 163). 1 is highest risk, while 167 is lowest risk,
- The top 5 imports of products at risk of modern slavery to Brazil are:
  - Apparel and clothing accessories
  - Laptops, computers, and mobile phones
  - Fish
  - Cattle
  - Cocoa
- Of these Karoon may use clothing for uniforms, electronic devices for communication and fish, cattle and cocoa for catering. Karoon will seek to responsibly source apparel, electronics and catering products in offices and operations.

## Entity Risks

- Some entities may have particular modern slavery risks because they have poor governance structures, a record of treating workers poorly or a track record of human rights violations.
- Karoon recognises the UN Declaration of Human Rights and is committed to acting responsibly throughout the Karoon Group.
- Karoon maintains strong governance practices and has an excellent record of fair treatment of employees.
- During 2021 Karoon has further strengthened this commitment in screening new suppliers to minimise modern slavery risks in its supply chain entities.
- Screening is also undertaken in relation to Anti-Bribery, Fraud and Corruption and HSSE.

# Our Policies and Procedures to manage modern slavery risks



## Karoon Energy Code of Conduct

Sets expectations of conduct for all Karoon employees and contractors. Breach of the Code of Conduct may result in termination. Available at [www.karoonenergy.com](http://www.karoonenergy.com)

## Sustainability Policy

Recognises the UN Universal Declaration of Human Rights and commits to reporting on Modern Slavery. Available at [www.karoonenergy.com](http://www.karoonenergy.com)

## HSSE Policy

Affirms Karoon's commitment to the health and safety of our people as our first priority. Supported by Karoon's Operating Management System. Available at [www.karoonenergy.com](http://www.karoonenergy.com)

## Anti-Discrimination and Harassment Policy

To ensure all employees and contractors are provided with a workplace free from discrimination and harassment. Unacceptable behaviour may result in termination

## Anti-Bribery, Fraud and Corruption Policy

Supplements Code of Conduct, setting expectations and procedures to minimise risk of bribery, fraud and corruption. Available at [www.karoonenergy.com](http://www.karoonenergy.com)

## Whistleblower Protection Policy

Establishes the mechanism for concerns to be raised on a confidential basis without fear of reprisal. Available at [www.karoonenergy.com](http://www.karoonenergy.com)

## Human Resources Policies

Provided to all employees; cover various aspects of employment at Karoon including recruitment, remuneration, performance recognition, and grievance mechanisms

## Modern Slavery Supplier Questionnaire

Introduced in 2021 to assist in identifying modern slavery risks within Karoon's supply chain

# Actively working against Modern Slavery

Karoon is actively seeking to prevent or remove the risk of modern slavery from our supply chain



## Modern Slavery Supplier Questionnaire

- During the course of 2021 Karoon introduced a self-completion questionnaire for new and existing major suppliers to assess and report on modern slavery risks within their own supply chains. The completed questionnaires were reviewed to identify any items to be addressed. Of the 30 responses received Karoon did not identify any instance of modern slavery.
- Several suppliers were noted as not presenting a specific policy to address modern slavery or commitment to human rights. Karoon will work with these suppliers to ensure modern slavery risks are identified and prevented wherever possible. If there is any suspicion of modern slavery existing, Karoon will investigate and if necessary, terminate the supply.
- Questionnaire results are assessed on at least an annual basis where potential impacts have been identified to ensure they are being addressed and action plans are implemented.
- Karoon will continue to use this method as part of its modern slavery risk assessment and if necessary develop an action plan with specific suppliers or stakeholders to address modern slavery risks.

## Whistle-blower Reporting Service

- Karoon employees and contractors are encouraged to speak up if there is any suspected or actual breach of Karoon's Code of Conduct or policies, without fear of reprisal.
- Reporting mechanisms are in place to facilitate anonymous, external reporting across the Karoon Group with phone and web-based reporting available in English, Portuguese and Spanish in Australia, Brazil and Peru. No reports were received during FY2021.
- Procedures are in place to investigate any reports of misconduct and where needed develop a plan to implement any required action.

## Staff Engagement

- Staff training in Karoon's policies is provided across all of its subsidiaries in all jurisdictions.
- In future, awareness training will be developed for all Karoon procurement employees to ensure modern slavery risks are considered in the day-to-day decision making of the Company.

## Oversight at the highest level

- The Karoon Board is responsible for oversight of Karoon's policies and assesses their effectiveness by reviewing all misconduct reports at least annually and reviewing all policies at least every two years.

*This Statement has been approved by the Board of Karoon Energy Ltd and is signed on its behalf by Bruce Phillips, Chairman of the Board, on behalf of all Karoon reporting entities.*

A handwritten signature in blue ink, appearing to read 'Bruce Phillips'.

Bruce Phillips, Chairman 25 November, 2021

