

Modern Slavery Statement 2023

December 2023



A message from our Executive Team

Tsutomu Kunomura – Managing Director



Idemitsu Australia has been operating in Australia for over 40 years, as a subsidiary of Japanese company Idemitsu Kosan Co.Ltd. We are proud to play a proactive role in mitigating modern slavery risks across our operations and supply chains through focusing on the philosophy of our company founder Sazo Idemitsu “respect for human beings”. Respect for human beings is a key principle of our business and underpins the first of our three core values of Idemitsu Australia:

- we put people first;
- we are always improving; and
- we do what we’ll say we’ll do.

The Idemitsu Australia Group (IA Group) sees the introduction of the Act as an opportunity to further enhance our contribution to eliminating modern slavery using our core values. Since the Act took effect, the IA Group has begun work in response and has prepared this Joint Modern Slavery Statement for the Reporting Entities within the IA Group. This is the IA Group’s fourth Statement made in accordance with the Act.

Over the past year, IA has undertaken critical activities that enhanced on our existing processes to identify and act on modern slavery risks. These include:

- undertaking a detailed assessment of 1403 of our suppliers to identify the risk rating of our supply base;
- completed due diligence on 4 suppliers, which we assessed as business critical; and
- connecting with suppliers to educate them on the risk of modern slavery and to reiterate Idemitsu’s commitment to our core business values and how these apply to modern slavery.

The content of this Joint Modern Slavery Statement has been prepared to comply with the Act and using the ‘Guide for Reporting Entities’ as guidance. This Statement will go into detail about actions that the IA Group has taken in the year ending 31 December 2023 to understand and address the modern slavery risks in its supply chains and operations.

Our Business

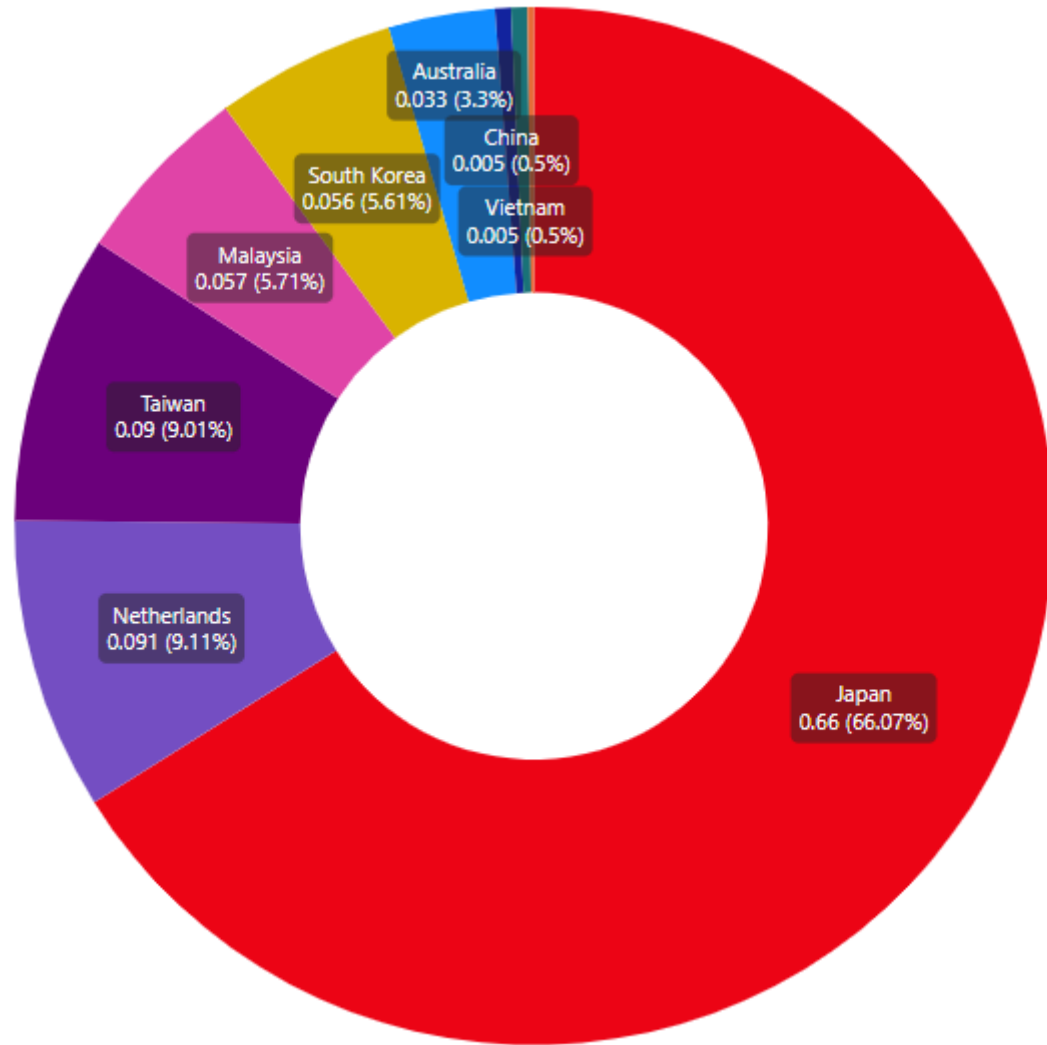
Reporting Entities

This Joint Modern Slavery Statement is being prepared by Idemitsu Australia Pty Ltd (**IA**) on behalf of the below listed Reporting Entities within the IA Group.

Reporting Entity	ABN
Idemitsu Australia Pty Ltd (IA)	45 010 236 272
Idemitsu Coal Marketing Australia Pty Ltd (ICMA)	52 003 671 707
Bligh Coal Limited (Bligh)	20 010 186 393
Boggabri Coal Pty Limited (BC)	76 600 191 455
Muswellbrook Coal Company Limited (MCC)	32 000 009 521

IA and Idemitsu Coal Marketing Australia Pty Ltd (**ICMA**) are wholly owned subsidiaries of Idemitsu Asia Pacific Pte Ltd, a wholly owned subsidiary of Idemitsu Kosan Co. Ltd. (**IKC**). Although IA and ICMA are sister companies, ICMA's corporate functions (including procurement functions) are undertaken by IA pursuant to a services agreement between ICMA and IA – accordingly both IA and ICMA consider that preparing a joint modern slavery statement that provides consolidated information and responses is appropriate.

IA has a number of subsidiaries which own and operate the operations described in our structure and operations details. Other than as outlined above, the subsidiaries are not reporting entities under the Act.



Percentage Distribution by Destination

Structure

Corporate Entities

IA is a mid-tier Australian mining company which as of December 2023 has interest in one coal mining operation and a developing renewable energy business. IA's head office is in Brisbane, Australia. As previously noted, IA is owned by Idemitsu Asia Pacific Pte Ltd, a private company incorporated in Singapore, which is in turn owned by IKC, a company listed on the Tokyo Stock Exchange. IKC headquarters are in Tokyo, Japan.

Idemitsu Asia Pacific Pte Ltd also owns all of the shares in ICMA, which undertakes trade and marketing services for coal produced from the Boggabri Mine. The corporate functions of ICMA are performed by IA.

Most of the coal produced by Boggabri Coal Mine is sold to customers in Japan, the Netherlands and Taiwan.

Operations

Mining Operations

Muswellbrook

IA is the sole owner of MCC. MCC operates the Muswellbrook Coal Mine, 3km northeast of Muswellbrook in New South Wales. In December 2022, MCC ceased mining operations at Muswellbrook Coal Mine and is currently in the process of undertaking rehabilitation works.

Boggabri

IA is the operator of the Boggabri Coal Mine, approximately 17km northeast of Boggabri in the Gunnedah Basin, New South Wales. The Boggabri Coal Mine is owned as a joint venture, with the majority 80% interest being held by Boggabri Coal Pty Ltd, a company solely owned by IA.

Supply Chains

Procurement and Supply Chain

The IA Group sources its supplies and services locally for the Boggabri Coal mine site and on a group-basis through a central Procurement and Supply Chain team at IA in Brisbane.

The site has a separate and local procurement function which work closely with the IA Group procurement team. The centralised management over site teams allows IA to monitor and ensure site procurement standards align with those at a corporate level.

Our supply chain includes the following goods and services:

- engineering and geological services;
- maintenance services;
- explosives and associated products;
- labour hire; and
- maintenance services;
- heavy machinery;
- waste management services;
- professional consulting.
- consumables;
- mobile machinery;
- fabrication services;

Suppliers and Expenditure

In 2023 on a group-wide basis, IA has 1403 active direct suppliers with a consolidated annual spend of \$808 million. The goods and services provided span 28 different categories with approximately 98% of the total expenditure paid to Australian companies in Australian dollars.

Modern Slavery Risks and Actions

Risks and Results

The Australian coal mining industry is not considered to be high risk for modern slavery. Likewise, coal imports to Japan and Netherlands (the primary markets of the 'Reporting Entities') from Australia are not identified by the Global Slavery Index as high risk for modern slavery. Notwithstanding this, modern slavery risks have the potential to exist within the Reporting Entities' operations and supply chains as a result of their status as businesses operating major projects which utilise services and purchase goods which may originate from high-risk jurisdictions, or which may be a high-risk category.

The IA Group engaged Fair Supply, a third-party subject matter specialist, to review the group modern slavery risk profile. The review identified risk areas and made recommendations to mitigate those risks. In 2023, Idemitsu has focussed on investigating and managing vendors who were identified as part of the live risk assessment as suppliers who were deemed high risk potential. This included collaborating with vendors towards the common goal of zero tolerance to modern slavery.

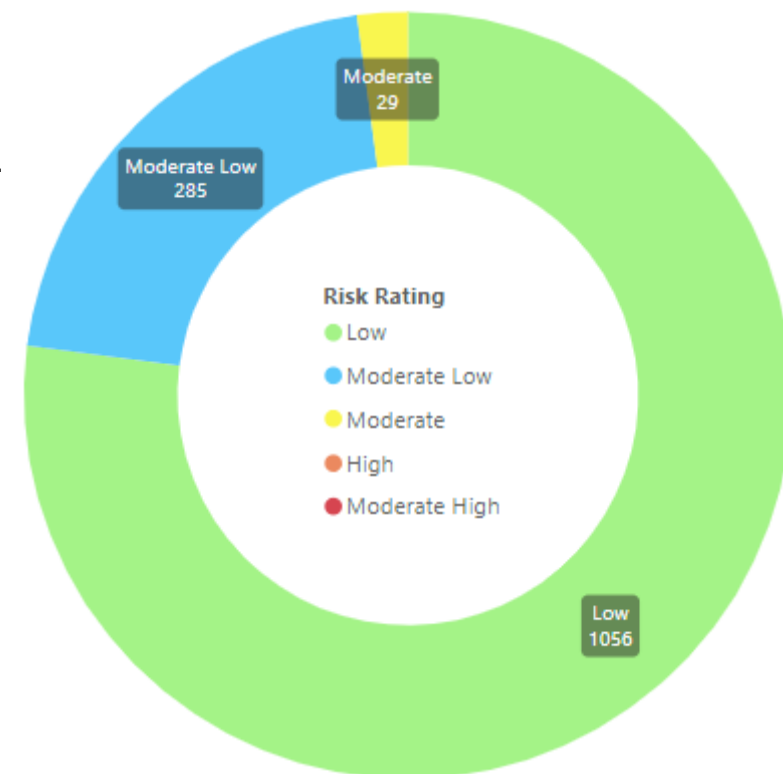
Traceable risk utilising the 2023 Global Slavery Index reveals that, of IA's entire supply chain, our highest risk profile is considered "Moderate" this category rating contains our lowest number of suppliers. The majority of our Suppliers are considered "Low" risk. Per \$M spent it is estimated that IA has 0.0237 of a person in forced labour within our supply chain. Utilising the industry risk rating, we have evaluated our entire supplier base on the foundation of the supplier's geographical location and industry of operation. IA has then undertaken due diligence on 4 suppliers who contribute to the largest share of risk to better understand the risks associated with these suppliers:

- Freedom Fuels Australia Pty Ltd;
- Orica Australia Pty Ltd;
- Bridgestone Mining Solutions Pty Ltd; and
- Hitachi Construction Machinery.

Within the current spend across our group the highest risk spend category is Fuel. With industry suppliers sourcing diesel fuel product from countries across the globe including:

- Vietnam;
- Venezuela;
- Saudi Arabia;
- Azerbaijan;
- Malaysia;
- Congo Republic;
- Brunei Darussalam; and

Idemitsu understands the importance of collaboration with the suppliers who source product from high-risk locations to ensure their practices in transacting with second and third tier suppliers is in accordance with the global human rights guidelines. The results of the due diligence conducted have provided IA with a comfort that these suppliers are aware of and understand the importance of human rights in delivering their services to IA.



Actions and Effectiveness

Governance

Our approach to human rights and modern slavery risk management is supported by a system of policies and guidelines including the Code of Conduct Policy, People Policy, Workplace Behaviour Standard, Managing Conduct Procedure, Risk Compliance and Assurance Policy and Whistleblowing Standard (among others). These apply across all Reporting Entities.

These policies and guidelines are underpinned by the IA Group corporate values of:

- 'we put people first'
- 'we do what we say we'll do'; and
- 'we are always improving'.

These values are demonstrated by the senior leadership teams on an everyday basis and are the subject of leadership training for team members.

During onboarding and then annually, all employees are required to undertake training on the Code of Conduct and other policies and guidelines to ensure the values and expectations of IA Group remain front of mind.

IA maintains an anonymous compliance hotline which is available to all staff and contractors of the IA Group in the event of a compliance or probity concern. The hotline connects directly to senior members of the legal team. The compliance hotline is communicated through relevant policies, guidelines and training materials.

To date these systems have established and maintained a strong compliance record across the IA Group.

As a result of the recent modern slavery risk assessment, IA Group has made changes to its Procurement and Contract Management Standard to better reflect modern slavery compliance. IA Group's goal is to give clear direction to its procurement and contracting personnel on the IA group position. IA encourages all personnel to avoid partnering with suppliers who are not also actively engaged in identifying and reducing modern slavery risks in their operations and supply chains.

Actions and Effectiveness cont.

Procurement Systems

The procurement of goods and services from third parties are governed in accordance with our Procurement and Contract Management Standard. These set out the processes for tendering, engagement, approvals and management of contracts.

As part of the IA Group procurement contracts, suppliers are required to comply with the terms of the IA policies. When the IA Group began discussing our expectations about risk of modern slavery in our supply chain with our suppliers, we introduced questions regarding modern slavery risks in the Request for Tender process and included a contractual provision in the template contract suite to be included in all new contracts.

IA engaged Fair Supply, a third-party subject matter specialist, to review IA Group's modern slavery risk profile. The review identified several recommendations which have either already been implemented by IA or are under constant revision or reserved for further consideration.

In 2023, IA engaged two third-party subject matter experts to compare offerings within the Modern Slavery landscape. In doing so IA have been able to identify unexplored areas for further investigation within our top suppliers and delve deeper into understanding and investigating our tier 2 and 3 risks.

Risk Assessment Questionnaire

Since 2021, IA have completed multiple rounds of Risk Assessment Questionnaires across a broad range of our suppliers new and old. The responses to these surveys have been collated by IA, with the questionnaire used to further investigate any suppliers who may have been deemed high risk, of which none were identified.

Upon receipt of responses, appropriate action would be taken to either clarify any high-risk response or remove the supplier from our supply chain. Utilising the risk assessment questionnaire provides IA with a more detailed understanding of our suppliers' approach to modern slavery and identifying risks present in IA's current supply chain.

The Risk Assessment Questionnaire issued in 2023 to all new suppliers through our onboarding process includes updated questions to suppliers considering relevant updates to the Global Slavery Index. This will be an ongoing process of monitoring to ensure that IA are able to effectively gauge and manage modern slavery risk within the supply chain.

IA did however identify a need for additional expertise in the benchmarking and assessment of our supplier base and a need to look beyond the onboarding stage of supplier management when considering modern slavery risks.

Actions and Effectiveness cont.

Procurement Systems

With Fair Supply on board working collaboratively to identify, manage and mitigate modern slavery risk along our supply chain, IA has gained confidence in being able to support our suppliers in understanding their own modern slavery risks. Our existing document suite for tenders and vendor onboarding have been updated to include new questions and checks to gain a better understanding of a supplier's risk profile before engagement. Once risk assessments are completed, any supplier identified as high risk will be requested to provide additional responses to a self-assessment questionnaire.

In 2024 responses to a new questionnaire will be gathered and assessed through the Fair Supply collaboration. These suppliers will then be scored and weighed by Fair Supply, aligned to industry standards, with risk mitigation measures provided. Reinvigorating this process with Fair Supply will provide IA with a fresh analysis of all its suppliers and their approach to modern slavery.

Vendor Risk Assessment

A vendor risk assessment was first completed in early 2021 that was able to assess every vendor in our supply chain and allocate a risk rating of low, medium or high based on the below factors:

- skill level involved in the provision of the sourced goods or services;
- source of supply being local or overseas; and
- supply being a good or a service.

IA used this assessment to identify a list of top priority vendors based on risk, usage and spend. IA engaged with these top priority vendors in 2021, attaining further information and feedback in relation to their assessment classification. This was conducted before many smaller, site local, suppliers were aware of the changes and focus on the Modern Slavery landscape and IA was able to help educate our suppliers to look beyond the surface of their own supply chain.

Risk assessments continued throughout 2023 with the implementation of a live assessment system which we can view at any time to assess new and existing suppliers, based on real time recommendations and supplier ratings.

In each instance that IA load a new dataset, Fair Supply will perform an updated vendor risk assessment on each individual supplier providing us the opportunity to track our impact and progress over time. IA are pleased to confirm that our 2023 exposure per \$M is down 5% from the data set loaded for 2022.

Actions and Effectiveness cont.

Procurement Systems

Policy and Artefact Review

IA's standard contract templates all include a clause which outlines our expectation with our suppliers in relation to modern slavery.

IA is committed to continuously reviewing and updating this clause to better reflect IA Group's expectations in relation to modern slavery risks as they adapt with the changes in guidance. IA has performed several reviews its standard terms and conditions since the original clause was added in 2019, updating the modern slavery clause in our agreements puts the onus on IA's suppliers to both:

1. warrant that they have assessed and addressed modern slavery risks in the operation and supply chains used in the provisions of the contracted services; and
2. take reasonable action to address or remove these practices if they are identified.

IA seeks to implement a Modern Slavery Policy in 2024 to bolster our internal business position from a governance perspective. IA see this as an opportunity to express IA's commitment with respect to Modern Slavery.

Detailed Training Materials

IA have delivered training to key internal stakeholder teams about modern slavery risks and expectations since the inception of the Commonwealth Modern Slavery Act 2018 (the Act). IA have continued to provide recommended further training to the executive team to ensure that company leaders are engaged in the effort to minimise supply chain risk. Accordingly, further executive training has been delivered annually as well as further training for the broader IA team, whose roles are directly related to the acquisition of goods and/or services.

In 2024, IA intend to deliver a more refined training program on modern slavery to our senior leadership, executive team and procurement teams, both centralised and site based. Delivery will be undertaken by one of our top tier external law firms to thoroughly cover compliance with legislation, tactics in delivering due diligence checks and ongoing maintenance and monitoring of current practices.



Consultation

Consultation

Our head office procurement team works closely with the site-based teams of other Reporting Entities on a daily basis. During 2023 we continued to engage with each of the Reporting Entities covered by this Statement and consulted with each of the entities we own or control. This consultation and engagement has resulted in a more detailed risk assessment through the questionnaire process together with an update of the IA procurement standard, including new stronger inclusions with regards to the Modern Slavery Act.

Conclusion and Approval

Conclusion and Approval

The IA Group are assured that we have established robust foundations to support the continuous improvement of measures for identifying and addressing risks of modern slavery in our operations and supply chains. We look forward to continuing this work in 2024.

This modern slavery statement was approved by:

- the Board of Directors of Idemitsu Australia Pty Ltd;
- the Board of Directors of Idemitsu Coal Marketing Australia Pty Ltd;
- the Board of Directors of Bligh Coal Limited;
- the Board of Directors of Boggabri Coal Pty Ltd;
- the Board of Directors of Muswellbrook Coal Company Limited; and
- a responsible member (being a director) of all entities above who is authorised to sign modern slavery statements for the purposes of the Act,

on 23 April 2024.

Signed for and on behalf of the Reporting Entities:

Tsutomu Kunomura

Director of each of the Reporting Entities
Director of Idemitsu Australia Pty Ltd
Director of Idemitsu Coal Marketing Australia Pty Ltd
Director of Bligh Coal Limited
Director of Boggabri Coal Pty Ltd
Director of Muswellbrook Coal Company Limited





Thank you

