



Modern Slavery Statement 2023

Message from the Board

Arrow Energy's vision is to be the most competitive and respected developer of unconventional gas value chains in Australia. The achievement of this is underpinned by:

- our values of Respect, Lead, Integrate, Solve and Own
- our commitment to acting with honesty and integrity
- ensuring that decisions we make are legal, ethical and wise.

I am pleased to present the joint Modern Slavery Statement for Arrow Energy Holdings Pty Ltd (ACN 141 385 293), Arrow Energy Pty Ltd (ACN 078 521 936), Arrow Energy Trading Pty Ltd (ACN 139 053 133), Arrow Surat Pty Ltd (ACN 108 112 330), Arrow CSG Holdco Pty Ltd (ACN 075 802 452) and Arrow CSG (Australia) Pty Ltd (ACN 054 260 650) (together, the "Reporting Entities").

Arrow Energy is committed to treating all people, inside and outside Arrow Energy, with dignity and respect. This includes respecting human rights across our operations and supply chains as outlined in the UN Guiding Principles on Business and Human Rights (UNGPs).

This Statement has been approved by the Board of Arrow Energy Holdings Pty Ltd on behalf of the Reporting Entities.

Nilofar Shadmaan 26/06/2024

Nilofar Shadmaan (Jun 26, 2024 17:28 GMT+10)

Nilofar Shadmaan
Director

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The reporting entities and corporate structure

The Reporting Entities have prepared this joint Modern Slavery Statement for the 2023 calendar year (Reporting Period) in accordance with the requirements of the *Modern Slavery Act 2018* (Cth).

Arrow Energy Holdings Pty Ltd was incorporated as part of a 50:50 joint venture between its shareholders which are two of the world's largest oil and gas companies, Shell Energy Holdings Australia Limited and PetroChina International Investment (Australia) Pty Ltd (a subsidiary of China National Petroleum Corporation).

Arrow Energy Holdings Pty Ltd is the ultimate holding company of a group of 57 Australian proprietary companies (Arrow Group), which includes the Reporting Entities. Where in the Statement we refer to "we", "us" or "our" it is a reference to the Arrow Group.

All of the companies in the Arrow Group operate in Australia as a combined group for the development and production of coal seam gas (CSG) and generation of electricity in Queensland, and are collectively referred to as "Arrow Energy".

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Operations of the reporting entities

Arrow Energy is an integrated CSG company in Queensland, which develops gas fields, produces and sells CSG and generates electricity. Our registered office is Level 39, 111 Eagle Street, Brisbane QLD 4000.

We have more than 550 employees, secondees and contractors. We aspire to create a workplace that reflects the diversity of the communities in which we live and operate, that uses and develops the full potential of our people, is genuinely inclusive and where everyone feels a sense of belonging.

Arrow Energy Holdings Pty Ltd is the holding company of the Arrow Group, with Arrow Energy Pty Ltd being the operating company.

Coal seam gas

We have been safely and sustainably developing CSG since 2000, and supplying it commercially from the Bowen Basin since 2004 and from the Surat Basin since 2006.

On 17 April 2020, Arrow Energy Holdings Pty Ltd approved the start of the first phase of the Surat Gas Project in southern Queensland.

The full project (all phases) is planned to bring to market the majority of our Surat Basin gas reserves (about five trillion cubic feet) over 27 years.

Phase one of the Surat Gas Project started in 2020 and includes the construction of more than 600 wells. First gas was produced in 2021. The first phase will see the creation of around 200 construction roles, with an anticipated 800 further construction and operating roles over the full life of the project. The full development of the Surat Gas Project will require the sanction of additional investments by our shareholders.

Part of Arrow Energy's Bowen Basin operations included the Moranbah Gas Project (MGP) which was a 50:50 unincorporated joint venture with AGL Energy Limited (AGL). In 2023, Arrow Energy and AGL sold the MGP to Queensland Pacific Metals (QPM) with QPM taking over MGP operations in August 2023.



We have the following producing gas fields:

- **Tipton West:** This gas field is 30km south-west of Dalby, Queensland.
- **Kogan North:** This gas field is 45km north-west of Dalby, Queensland, for which we are a participant in and operator of a 50:50 unincorporated joint venture with CleanCo Queensland Limited. This joint venture is commonly referred to as the Kogan North Joint Venture.
- **Daandine:** This gas field is 40km north-west of Dalby, Queensland.
- **Stratheden:** This gas field is 20km west of Dalby, Queensland.

The gas produced by us is either sold to customers in the Australian east coast gas market, which is used domestically and internationally, or used to generate electricity as further described in the next section.

Electricity generation

In addition to producing CSG, we generate and supply electricity to the National Electricity Market (NEM). We own and operate the Braemar 2 Power Station, a 450MW gas-fired power station near Dalby, Queensland. Some of the gas produced by us in the Surat Basin is used to generate electricity at this power station.

During the reporting period, Arrow Energy Trading Pty Ltd earned revenue from the sale of electricity generated from the Braemar 2 Power Station and from associated electricity derivative contracts.



Braemar 2 Power Station

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Supply chains of the reporting entities

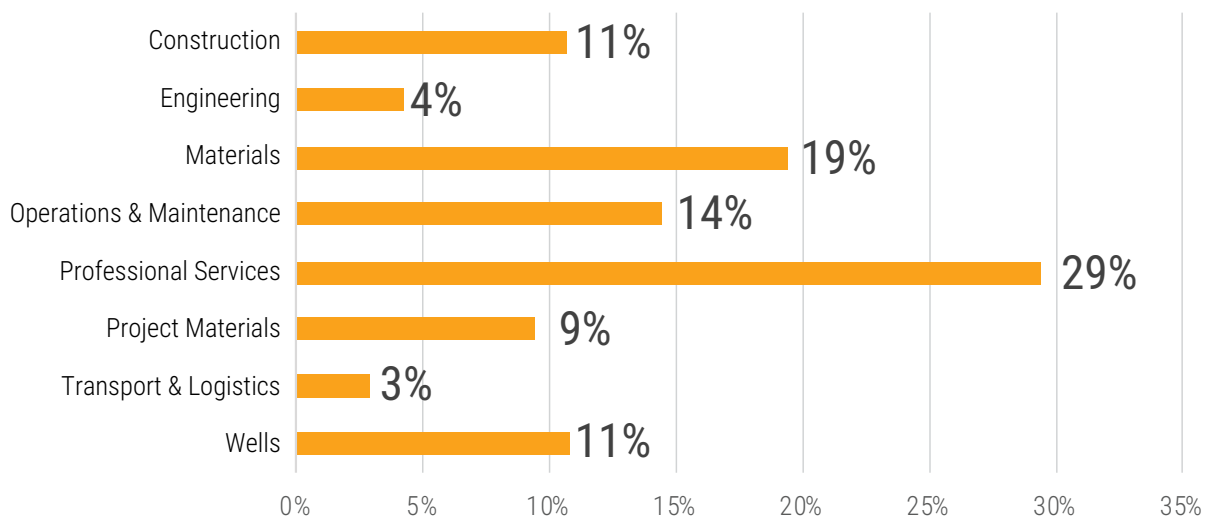
Procurement of goods and services

As a CSG company, we primarily procure goods and services across the following categories:

- wells, including drill rigs and associated infrastructure
- transport and logistics, including warehouse facilities management
- project materials for our Surat Gas Project
- professional services
- operations and maintenance
- materials used for operations and maintenance and general business requirements
- engineering
- construction.

The following graph shows the proportion of our suppliers that sit within each of the above goods and services categories.

Contract categories



All contractors must pass our rigorous health, safety and environment; financial viability; local engagement; scope; and program delivery assessments during the request for proposal stage, prior to contract recommendation and award.

We segment our contracts for goods and services according to the following categories:

- **Strategic:** high-value contracts with a medium to high risk in health, safety and environment, business criticality and commercial complexity.
- **Operational:** low-value contracts with a low to medium risk in health, safety and environment, business criticality and commercial complexity.

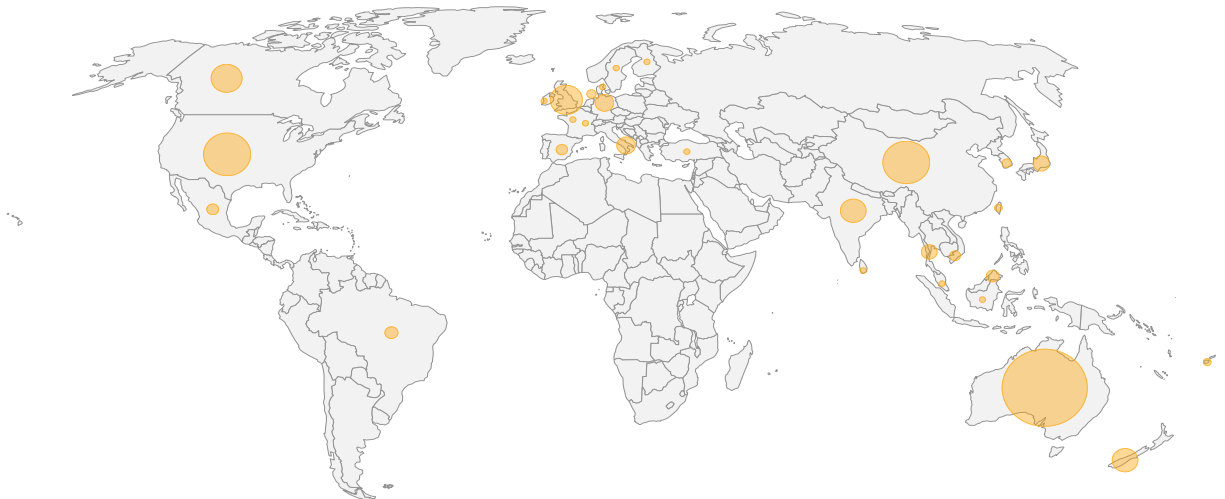
During the reporting period, we contracted directly with 135 suppliers, 94 per cent of which were companies domiciled in Australia, with the remainder being companies located in the United States, Canada, China and the Netherlands.

The increase in the professional services contract category during 2023 was due to the business process outsourcing (BPO) that took place during the reporting period. Following a tender process, two multinational information technology and consulting companies were successful and the BPO took effect across several functions, including finance and corporate support services. As part of the BPO, both vendors confirmed their compliance with, and ongoing application of, Arrow Energy's policies and procedures including the [Contracts, Procurement and Logistics Policy \(CPL Policy\)](#), which includes values for ethical and sustainable business practices, including those relating to human rights and modern slavery. The vendors operate the BPO centres servicing Arrow in India.

Arrow is committed to creating employment and economic development opportunities for local, regional and Indigenous Australian business. In tenders, Arrow requires, as a minimum, that capable local, regional and Indigenous Australian suppliers be provided full, fair and reasonable opportunity to compete for all available work where Arrow is the principal. As shown in the map below, the majority of our suppliers are based in Australia.



However, Australian suppliers are likely to have global supply chains supporting their business operations and supply chains. For example, during the reporting period, materials for a number of our gas wells were supplied from China. The map below depicts the geographic footprint of suppliers to Arrow who completed the MSQ to date.



Procurement of gas

We are primarily an upstream producer of CSG, but we also procure:

- some gas from the domestic market to balance our portfolio and manage our gas supply obligations
- gas transportation services.

All of the gas and transportation services that we procure are supplied by companies located in Australia.

In 2023, our gas procurement generally occurred in the following ways:

- we received incidental coal seam gas¹ from coal mining companies whose mines overlap with our gas fields in the Bowen Basin
- under short-term contracts entered into via Australian gas markets operated by the Australian Energy Market Operator, for example, the Wallumbilla Gas Supply Hub and the Short Term Trading Market
- via bilateral contracts under which we procure gas directly from other domestic gas suppliers.

¹ Incidental coal seam gas is CSG that can be mined by a mining lease holder under the *Mineral Resources Act 1989* (Qld).

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Risks of modern slavery practices in our operations and supply chains

From our ongoing review of modern slavery risks in our operations and supply chains, we did not identify any factors that gave rise to a change in our risk profile in these areas for 2023 as compared to our risk profile in 2022.

Operational risks

Enshrined in our code of conduct is our commitment to:

- uphold our values of Respect, Lead, Integrate, Solve and Own at all times
- respecting human rights across our operations and supply chain as outlined in the UNGPs
- always act with honesty and integrity
- make decisions that are legal, ethical and wise
- ensuring that our staff and contractors feel comfortable speaking up when they feel behaviours are not in line with Arrow Energy's expectations
- a safe, secure and healthy working environment
- diversity and inclusion.

The risk of modern slavery occurring within our operations is low, as we operate in Australia, which has a low prevalence of, and vulnerability to, modern slavery risk², combined with the fact that the majority of our workforce comprises skilled professionals such as engineers, operators, geomatics specialists, administrators and other professionals.

Furthermore, combined with our values, code of conduct and recruitment programs and processes means there is a low risk that we have caused or contributed to modern slavery risks within our operations.

This was further reinforced by the results of our annual staff engagement survey which provides insights into employee sentiment regarding whether they feel safe to speak up and raise concerns, and ethical conduct at Arrow Energy.

We recognise that there may be some risk where we outsource work to contractors or engage labour hire personnel. Further information about those risks is included below in our supply chain risk section.

2 <https://www.walkfree.org/global-slavery-index/country-studies/australia/>

Despite the low jurisdiction risk, workforce profile and mitigating policies and controls, we recognise that we operate in a geographic region in Australia with a relatively high proportion of workers supporting the local agriculture and food production sector, which includes beef, field crops and wool. As such, there is a concentration of low skilled workers and those on temporary visas working in the geographic region. Although the workforce in the agriculture and food production sector and our own industry are quite different, we recognise the increased vulnerability to modern slavery within our geographic region.

Human Rights

Arrow Energy is committed to respecting human rights across both our operations and our supply chain, as outlined in the UNGP.

We are committed to providing a workplace that respects our employees' human rights. We are opposed to, and will oppose, all forms of slavery, forced or compulsory labour and child labour, both within our organisation and within our supply chain.

Arrow Energy respects the rights and interests of the communities in which we operate, by listening to them, understanding and managing the environment, economic and social impacts of our activities.

We respectfully acknowledge the past and present traditional owners and custodians of the lands on which we operate, and respect their culture and identity.

Supply chain risks

The **UNGPs** recommend a framework for how organisations can assess potential adverse human rights impacts, including modern slavery, by reference to the following degrees of involvement:

Cause	Contribute	Directly Linked
An entity may cause modern slavery if its operations directly result in modern slavery practices.	An entity may contribute to modern slavery if, through its actions or omissions, it facilitates or incentivises modern slavery practices.	An entity may be directly linked to modern slavery via a business relationship, where it does not cause or contribute to the modern slavery risk.
<i>Example: Using forced or exploited labour.</i>	<i>Example: This may include setting unrealistic cost restraints on a supplier that can only be met by that supplier using forced or exploited labour.</i>	<i>Example: Through the supply chain, customers, business partners and investors.</i>

Based on our assessment of risk using the above framework, we consider there to be a low risk that our procurement activities have caused or contributed to modern slavery risks. However, there is a latent risk of being linked to modern slavery via the supply chains of our suppliers. This risk is not unique to our business but is inherent in global supply chains supporting organisations all around the world.

Based on our research and in collaboration with our external subject matter experts, we consider there to be inherent modern slavery risks in the following sectors for the reasons provided below:

Sectors	Overview of the types of modern slavery risks
<ul style="list-style-type: none"> • Cleaning services • Security services • Food and accommodation services • Labour hire • Waste management services • Construction services 	<ul style="list-style-type: none"> • Use of low skilled labour and temporary migrant workers in opaque and complex subcontracting arrangements. As noted earlier in Part 4 above, our local geographic region includes a high proportion of low skilled and temporary migrant workers supporting the agriculture and food production sector. In light of our commitment to best practice in local content procurement, there is a risk that our supply chain includes workers that may be vulnerable to modern slavery in the agricultural production sector • Working conditions may vary on the continuum of exploitation including forced labour, child labour, debt bondage, exploitative practices including excessive unpaid overtime, abusive working and living conditions, restriction of movement, withholding wages and retention of personal documents • The risks are exacerbated in jurisdictions where industrial relations are under regulated
<ul style="list-style-type: none"> • IT – supply of hardware and support services • Primary metal and metal product manufacturing, including machinery and parts • Construction materials and supplies 	<ul style="list-style-type: none"> • Sourcing of raw materials that make their way into finished products via multiple supply chain layers, from countries with increased human rights risks due to factors such as conflict, poverty and impaired rule of law • Processing and manufacturing products in countries where: <ul style="list-style-type: none"> a. forced labour is used under the guise of legitimate employment programs; or b. foreign workers are used via subcontracting arrangements that mask debt bondage, deceptive recruitment and human trafficking
<ul style="list-style-type: none"> • Mining services • Logistics services 	<ul style="list-style-type: none"> • Workers, particularly those on temporary visas, performing low skilled labour in circumstances where they are unable to leave, due to situations such as the seizure of their passports or accumulation of ‘debts’ owed to third parties for job placements, may be at higher risk of exploitation leading to modern slavery • The risks are exacerbated in circumstances where workers are in remote locations with limited avenues to raise grievances

<ul style="list-style-type: none"> Fuel supply 	<ul style="list-style-type: none"> Fuels that either originate from, or are processed in countries with a higher prevalence of modern slavery such as forced labour Transportation of fuels also has increased modern slavery risks where there is a reliance on low skilled labour and a transient workforce
<ul style="list-style-type: none"> Consumables, including Personal protective equipment (PPE) 	<ul style="list-style-type: none"> Manufacturing in countries where vulnerable categories of workers, such as migrants or ethnic minorities are used to keep prices down for the production of consumables for the export market

Supply chain due diligence measures

As noted earlier in this statement, of the bulk of our procurement spend is with Australian suppliers. However, our Australian-based suppliers are likely to procure goods or services from suppliers located overseas or sourcing from suppliers overseas, so inevitably, there are inherent risks of modern slavery in our supply chain irrespective of the low risk profile of Australia as a country of domicile for the vast majority of our suppliers. For this reason, we have used the results from a modern slavery questionnaire (MSQ) to better understand our supply chain and operations of a cohort of our suppliers where we have a high value procurement spend.

As outlined in our previous modern slavery statement, the MSQ is an online questionnaire designed to ascertain where our suppliers source the goods or services supplied to us and the measures they have in place to prevent, mitigate, assess and address modern slavery risks in their operations and supply chains. The data analytics of the MSQ are driven by global indices on modern slavery and human rights risks, including the:

- Global Slavery Index
- Global Estimates of modern slavery: forced labour and forced marriage (2017) Alliance 8.7 ILO and Walk Free
- US Department of Labor List of Goods Produced by Child Labor or Forced Labor
- US Department of State Trafficking in Persons Report
- World Bank Governance Indicators
- Corruption Perception Index of Transparency International

The MSQ scoring is driven by the following indicators:

- Jurisdiction** of operations and headquarters
- Industry** of supplier / industry of goods and services supplied
- Products** linked to high risks of forced or child labour
- Workforce** characteristics i.e. the utilisation of vulnerable workers
- Risk mitigating measures** specific to the individual supplier

The risk rating of high, medium or low is underpinned by the weighting that each question-and-answer combination is assigned. Each answer is weighted appropriately to avoid a result, for example, where a mining company headquartered in Australia but with operations in the Congo is listed as medium risk.

Overview of MSQ data to date

The average modern slavery risk rating, based on these suppliers that completed the MSQ remains unchanged from previous years, namely five out of 10, which represents an overall moderate risk rating. All suppliers that completed the MSQ confirmed that they would adhere to our CPL Policy when providing goods and services to us. The CPL Policy articulates that we conduct business with suppliers that have similar values, ethics and sustainable business practices, including those related to human rights and modern slavery. Accordingly, we expect our suppliers to respect human rights in their business and supply chains and have measures in place to mitigate, assess and address modern slavery.

Our suppliers include those operating in industries with an increased exposure to modern slavery risks by virtue of their own operations or their complex supply chains in higher risk countries. These industries include:

- Petroleum and coal product manufacturing
- Polymer product manufacturing
- Basic Ferrous Metal Product Manufacturing
- Specialised Machinery and Equipment Manufacturing
- Retailers of fasteners and fixings, abrasives, cutting tools, sealants, adhesives, lubricants, hand tools, safety, construction chemicals, materials handling, petrochemical and special manufacture
- Irrigation and pump services

Through the MSQ process, we were able to identify that some of our suppliers operating in the abovementioned industries provided us with products containing components with potential links to modern slavery, such as:

- Rubber
- Steel/iron
- Nickel
- Graphite
- Aluminium/bauxite
- Copper
- Tantalum

We continue to work with our external subject matter experts to review the results of the MSQ and identify the suppliers requiring further due diligence. We remain firmly committed to working with our suppliers to promptly address issues so as to prevent and remedy any actual impacts.

Case study: BPO industry risks

In light of the appointment of the two BPO vendors, we took a closer look into the potential modern slavery risks in the BPO sector. The BPO industry has evolved and rapidly expanded over the years. There have been reports in the press bringing to light issues such as excessive working hours, living wage concerns, lack of job security, poor working conditions and withholding of wages in BPO operations. Growth in BPO operations in countries like India are accelerated by workforce availability (by volume) and low cost of labour.

As part of the BPO, both of the selected vendors confirmed their compliance with, and ongoing application of, Arrow Energy's policies and procedures including the CPL Policy.

We will continue to assess the potential risks of modern slavery in the BPO services we receive and vendor compliance with our policies and procedures.

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Actions taken to assess and address modern slavery risks

Our assessment and management of modern slavery risks is underpinned by our Corporate Management Framework and Compliance Framework.

Our commitment to human rights is reflected in our Code of Conduct and our Contracts, Procurement and Logistics Policy. We also have a Whistleblower Policy under which people can report any instances of suspected or actual misconduct, including unethical behaviour.

To assess and address modern slavery risks we:

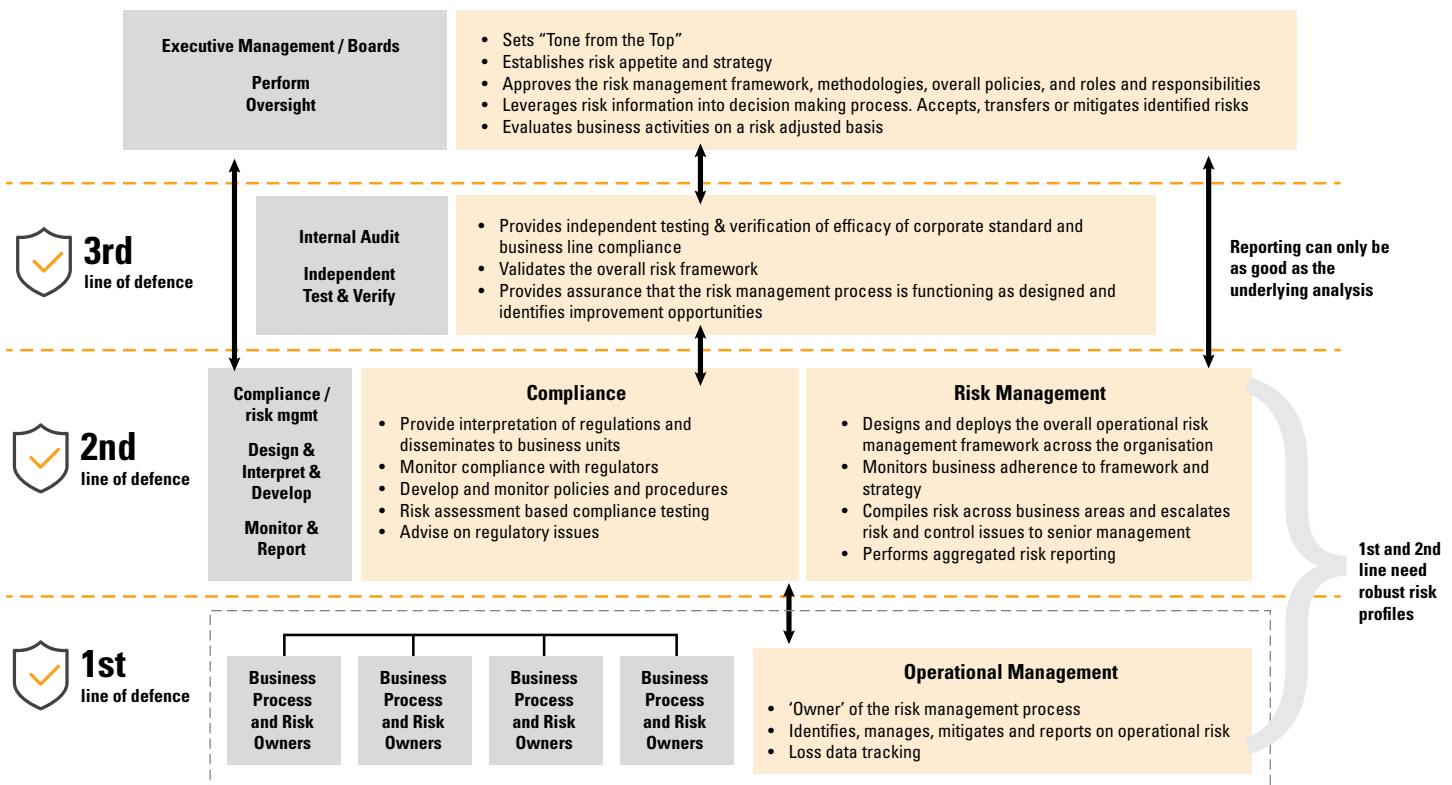
- provide targeted modern slavery awareness training to relevant staff
- negotiate the incorporation of modern slavery terms and conditions in existing supply arrangements when varied or renewed
- continued the services of a third party modern slavery risk management platform for supplier screening and the MSQ, which included an enhancement to the level of monitoring undertaken by the platform
- conducted our annual staff engagement survey which provides insights into employee sentiment regarding whether they feel safe to speak up and raise concerns, and ethical conduct at Arrow Energy
- published further guidance for our staff on workplace behaviours and how to raise complaints and concerns.

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How the effectiveness of actions are assessed

All of our departments have a role to play in ensuring compliance with modern slavery requirements, identifying and managing modern slavery risks, and reporting material risks.

Our assessment of the effectiveness of actions taken to manage modern slavery risks is conducted in accordance with our Corporate Assurance Framework. The framework provides an informed and independent view of whether risk-based controls are in place and working as intended. The framework is based on the 'Three lines' model illustrated below, wherein each line of assurance provides a higher level of independence and objectivity.



*Adapted from the Institute of Internal Auditors Position Paper: The Three Lines of Defence in Effective Risk Management and Control (January 2013)

In particular, we:

- have focal points in relevant areas of our business who are involved in managing and monitoring our obligations under the *Modern Slavery Act 2018* (Cth)
- conduct an annual staff engagement survey which asks a series of questions relating to the health and wellbeing of our employees. One of the areas of focus is psychological safety, which provides insights into employee sentiment regarding whether they feel safe to speak up and raise concerns, and ethical conduct at Arrow Energy
- have a Diversity and Inclusion Council which reviews Arrow Energy's working practices and makes recommendations to improve diversity and inclusion outcomes
- have a whistleblower service that all staff are aware of

We also assess the effectiveness of our actions by working towards new goals. Going forward, we will:

- continue to assess the potential risks of modern slavery in the BPO services we receive and vendor compliance with our policies and procedures
- track the extent to which modern slavery terms and conditions are included in supply arrangements
- provide bespoke training for Arrow employees with a procurement function on how to assess the risks of modern slavery and respond to identified risks.

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Process of consultation with owned or controlled entities

All of the companies in the Arrow Group operate under a common set of policies and procedures, and are managed by the same Chief Executive Officer and Leadership Team.

The Directors of all 57 Australian proprietary companies under Arrow Energy Holdings Pty Ltd are the same two people who also hold the positions of Chief Executive Officer and Chief Financial Officer of Arrow Energy.

Consultation on the contents of this Modern Slavery Statement involved engagement with:

- relevant departments, including contracts and procurement, people and culture, and corporate affairs
- our Leadership Team, members of which include the Chief Executive Officer and Chief Financial Officer who are also the Directors of all of the 57 companies under Arrow Energy Holdings Pty Ltd.



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