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REPORTING ENTITY

Karoon presents its third Modern Slavery Statement, in accordance with its obligations under the Australian Modern Slavery Act 2018. This Statement covers the activities of Karoon Energy Ltd (ABN 53 107 001 338), listed on the Australian Securities Exchange (ASX), and its subsidiaries, which are listed on the table below. Although Karoon Peru Pty Ltd and KEI (Peru Z38) Pty Ltd are still listed as subsidiaries for reporting purposes, these entities do not have any active operations. On 16 November 2023, Karoon entered into binding arrangements to acquire interests in the Who Dat, Dome Patrol and Abilene producing fields, associated infrastructure and adjacent exploration permits offshore in the US Gulf of Mexico (GoM), under Karoon's USA subsidiary KUSA Inc. The transaction closed on 21 December 2023, with an effective date of 1 October 2023. Sustainability related issues were analysed and considered prior to the acquisition and, moving forward, action taken in terms of modern slavery will also cover the new asset.

PARENT COMPANY

Karoon Energy Ltd	Australia	Active
Unlisted subsidiaries of Karoon Energy Ltd		
Karoon Energy International Pty Ltd	Australia	Active
Karoon Gas Browse Basin Pty Ltd	Australia	Active
Karoon Gas (FPSO) Pty Ltd	Australia	Not Active ¹
Unlisted subsidiaries of Karoon Energy International Pty Ltd		
KEI (Brazil Santos) Pty Ltd	Australia	Active
Karoon Peru Pty Ltd	Australia	Not Active
KEI (Peru Z38) Pty Ltd	Australia	Not Active
ACN 672 679 793 Pty. Ltd	Australia	Active
Unlisted subsidiary of KEI (Brazil Santos) Pty Ltd		
Karoon <i>Petróleo</i> & Gas Ltda	Brazil	Active
KEI Finance 1 Pty Ltd	Australia	Active
Subsidiary of KEI (Peru Z38) Pty Ltd		
KEI (Peru Z38) Pty Ltd, Sucursal del Peru	Peru	Not Active
Subsidiary of ACN 672 679 793 Pty. Ltd		
KUSA Inc. (Delaware C-Corp)	United States	Active

1. "Not Active" refers to group companies that are dormant and not currently engaged in any material activities within the group.

MESSAGE FROM OUR CHAIRMAN



Peter Botten
Chairman

On behalf of the Board of Karoon Energy Ltd (Karoon), I am pleased to present our 2023 Modern Slavery Statement. This is Karoon's third Modern Slavery Statement, and it provides details on the progress we have made in identifying and mitigating modern slavery risks in our business and supply chain. It also outlines the next steps we intend to take in our modern slavery strategy, to enhance our engagement with our suppliers and ensure we provide safe, reliable, and responsible operations.

This statement covers the 18 month period from 1 July 2022 to 31 December 2023, which includes FY23 as well as the six month transitional period from 1 July 2023 to 31 December 2023, reflecting the change in the Company's financial year end from 30 June to 31 December. The next statement will be for the 2024 calendar year, 1 January 2024 to 31 December 2024, aligned with the new financial reporting period.

It is estimated that there are now around 50 million people living in modern slavery across the world¹. As an Australian oil and gas company, with operations primarily in Brazil, we recognise our exposure to geographic and industry specific modern slavery risks. Over the period, we made substantial investments in Brazil, especially in engineering and construction services relating to our offshore production and development activities.

Karoon does not tolerate any form of slavery within our operations or supply chain. We will continue to monitor, extend, and refine our processes to identify, investigate and eliminate any potential modern slavery issues from our operations and supply chain.

We recognise that modern slavery is a complex, worldwide problem which demands careful management, diligence, and cooperation. The modern slavery risk assessment undertaken during the period did not identify any immediate significant risk within the suppliers analysed. Despite this, we remain committed to continuous improvement and collaborating closely with our industry counterparts, suppliers, and various stakeholders to further develop our roadmap and assess its effectiveness in addressing this challenge.

A handwritten signature in black ink that reads "Peter Botten". The signature is written in a cursive, slightly stylized font.

Peter Botten
Chairman

1. Global Slavery Index, by Walk Free (<https://www.walkfree.org/global-slavery-index/>).

BUSINESS STRUCTURE, OPERATIONS, AND SUPPLY CHAINS

Karoon Energy Ltd is an ASX listed international oil and gas exploration and production company, headquartered in Melbourne, Australia. Our operations in Brazil are managed by staff located in Rio de Janeiro (through our subsidiary Karoon Petróleo & Gas Ltda), in our supply base in Itajaí and by our contract partners (Image 1). Our operations in the United States of America (USA) are managed by staff located in Houston (through our subsidiary KUSA Inc.)

Brazil Operations

Our Brazilian assets, all 100% held by Karoon, are in the Santos Basin (Image 2) and comprise:

- the Baúna Project, which consists of the Baúna, Patola and Piracicaba producing oil fields
- the Neon and Goiás development blocks; and
- the exploration Bloc S-M-1537 (Clorita)

Oversight of Karoon’s social responsibility commitments and performance rests with the Sustainability and Operational Risk Committee (SORC) of the Karoon Board. The committee is responsible for assisting the Board in overseeing sustainability-related risks and opportunities as well as supervising Health, Safety, Security and Environment (HSSE) and Sustainability policies. It also supports the management of operational risks, fostering a culture of sustainability and social responsibility.

Karoon’s employees who manage operational and corporate risks are responsible for identifying and managing risks within our business and supply chain. These risks and their mitigation measures are recorded in the Karoon risk register, which are periodically reported to and monitored by the Board through the SORC and the Audit, Risk and Governance Committee (ARGC).

At the end of December 2023, Karoon had 115 permanent employees. Our FPSO and other field operations are primarily staffed by contractor employees, most of whom are Brazilian nationals.

Karoon engages with major suppliers to undertake our operations through long term charter and services contracts and on short term contracts when undertaking other major activities. A third party has been engaged to operate Karoon’s Baúna Project since 2020. Over this time, Karoon has worked closely with them to ensure a safety-first culture is embedded throughout our operations.

United States operations

On 16 November 2023, Karoon entered into binding arrangements to acquire interests in the Who Dat and Dome Patrol and Abilene producing fields, associated infrastructure, and adjacent exploration permits offshore in the US Gulf of Mexico (GoM). There were limited activities undertaken in our North American operations prior to the conclusion of the reporting period, and because of this, USA operations were not included in the modern slavery analysis for the purposes of this report.



Image 1

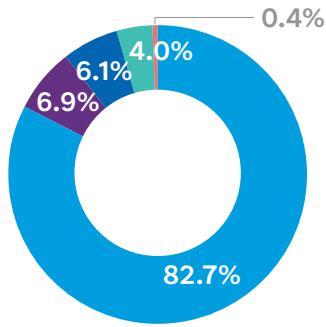


Image 2

SUPPLY CHAIN OVERVIEW

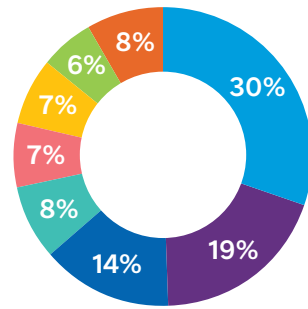
In the context of our Brazilian and Australian operations, we mapped our top 100 suppliers (by spend) for the 12 month period between July 2022 and June 2023, representing 99.5% of our total spend on goods and services. Most of our suppliers are in Brazil, with 87 active contracts in the country. Other contracts are located in Australia, Denmark, Norway, Singapore, United Kingdom, and the United States. Due to the workover and drilling campaign that took place during 2022-23, more than half of our spend was in machinery and equipment, sea and coastal water transportation services and engineering services. These include expenses related to the drilling rig and associated vessels.

Spend per country (% of total)



- Brazil
- Australia
- Norway
- Denmark
- Others

Spend per category (% of total)



- Machinery and equipment
- Sea and coastal water transportation services
- Engineering Services
- Supporting and auxiliary transport services
- Construction work
- Air transport services
- Fabricated metal products
- Others



RISKS OF MODERN SLAVERY IN OUR OPERATIONS AND SUPPLY CHAINS AND ACTION TAKEN BY KAROON

Modern slavery describes situations where offenders use coercion, threats, or deception to exploit victims and undermine their freedom. Practices that constitute modern slavery include human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage and the worst forms of child labour¹. It is estimated that 49.6 million people are currently in modern slavery conditions, an increase of 10 million people since 2016².

Modern slavery risks can be within operations or in supply chains and will vary according to specific factors, such as:

- Industry risks
- Product and Services risks
- Geographic risks

The following paragraphs provide generic descriptions of each of these terms. Entity risks particular to Karoon were also identified and specified accordingly.

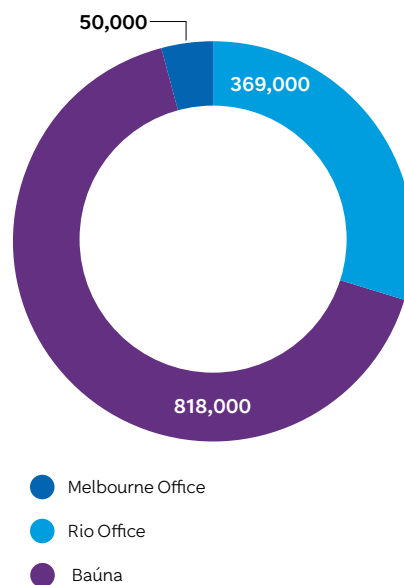
Industry Risks

Within the resources industry, dangerous work practices and exposure to hazardous materials, remote worksites (e.g. offshore platforms), international investments and operations, as well as short-term, temporary, and base-skill workers represent risks of modern slavery and labour exploitation. Due to the nature of the hazards inherent to our operations, workplace safety is also a particular concern for companies in the oil and gas sector, which relates directly to workers' right to healthy and safe working conditions.

Karoon recognises that a potential exposure to modern slavery risks could exist within our current operations, since the majority of workers in the Baúna Project are contractors working at remote locations. For example, the floating production system for the Baúna Project (the Cidade de Itajaí FPSO) is operated by a contractor, which has oversight of offshore workers. Currently, shifts are typically based on a two- or four-week roster, which consists of workers alternating between being rostered on and off

for the same period, depending on workers contracts. Work hours are monitored through a dedicated software system, complying with Brazilian legislation.

Exposure hours – per location



Safe and reliable operations remain Karoon's highest priority as the Company continues to focus on maintaining a safe and healthy work environment. During FY23, one lost time injury (an injury to a contractor's finger requiring surgery) was recorded while the total recordable injury rate (TRIR) fell to 0.41 per 200,000 hours worked, down from 0.77 in FY22. For the transition period (between 1st July 2023 and 31st December 2023), no injuries were recorded, leading to a 12 month TRIR of 0.0.

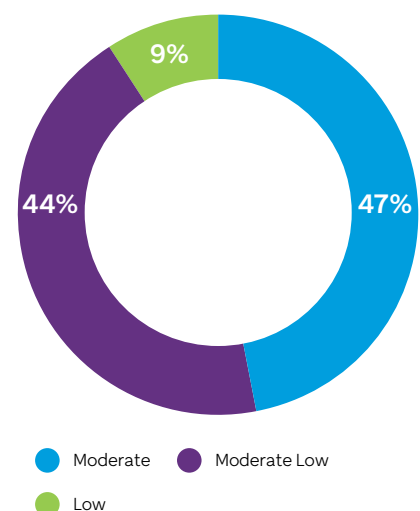
The improved safety performance achieved shows a positive trend and reflects Karoon's high expectations of its employees and contractors in maintaining safety and integrity in all operations. Nonetheless, Karoon believes all incidents are preventable and undertakes investigations on all recordable incidents, high potential incidents and near misses, to establish lessons learned and avoid recurrences.

Product and Services Risks

Modern slavery risks can be present in the purchase of goods, such as personal protective equipment (PPE) and uniforms, construction materials, mechanical parts, process metals and other items. In addition, there are also downstream risks, which relate to how the raw material produced is used in manufacturing processes, many of which carry high risks for modern slavery. Subcontracting of services also exposes the Company to modern slavery risks, specifically offshore or remote location workers, given they can be under relatively vulnerable conditions.

As part of our modern slavery strategy update, Karoon partnered with an expert third-party to conduct a modern slavery risk assessment for our top 100 suppliers (by spend). The aim of this assessment was to ensure engagement with relevant suppliers, allowing us to address these risks in the most effective way. Based on the results from this assessment, no suppliers within our supply chain were identified as high-risk. The top five highest risk suppliers are all assessed to be 'moderate' risk, and included companies in telecommunication, engineering services and consulting, with construction work being the activity with the highest risk in our supply chain.

Industry Risk Rating – Suppliers



1. <https://modernslaveryregister.gov.au/about/>
 2. <https://www.walkfree.org/global-slavery-index/>

RISKS OF MODERN SLAVERY IN OUR OPERATIONS AND SUPPLY CHAINS AND ACTION TAKEN BY KAROON CONTINUED

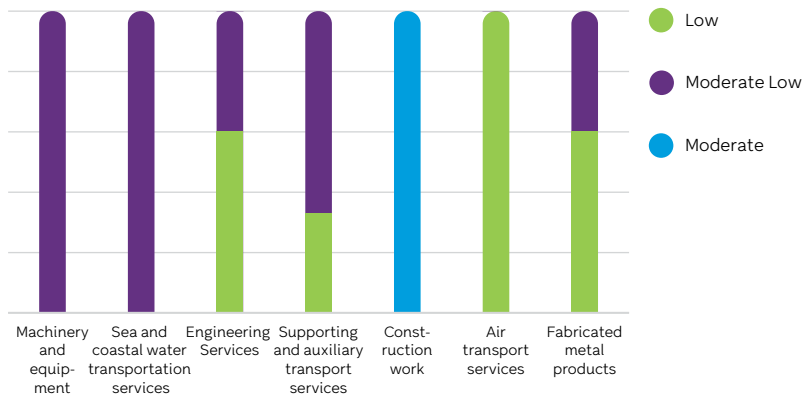
During 2023, we reviewed and updated the Self-Assessment Questionnaires (SAQ) for 24 suppliers, from the 55 SAQs completed in the previous year. Suppliers were engaged based on spend and sectors considered material for the business. The SAQ was developed in partnership with an external consultancy with the aim of assessing modern slavery risks in greater depth. The SAQ included questions regarding suppliers' workforce and employment conditions, modern slavery engagement within their operations and supply chain, as well as relevant grievance mechanisms in place.

In the past year, Karoon has continued to mature several nature-based carbon offset and removal opportunities, in partnership with local organisations in Brazil. Considering the high risk of modern slavery in rural areas in the country, we are completing further social and environmental due diligence in properties being evaluated for potential carbon projects. Among other issues, the process aims to ensure that no property being considered for these projects is listed in the Brazilian Federal Government's "Dirty List" of slave labour.

We believe strong governance is critical to managing our modern slavery risks. A modern slavery clause is included as part of our standard contract terms, which aims to ensure that our business partners are compliant with relevant legislation and aligned with fair working conditions. Further to that, Karoon's Board has approved policies that are relevant to modern slavery related issues. These policies are all publicly available on the Company's website.

- Karoon Energy Code of Conduct: Sets expectations of conduct, in terms of safety, integrity, collaborations, commitment and respect, for all Karoon employees, contractors, and service providers. Breach of the Code of Conduct may result in termination.

Modern Slavery Risk Rating per Category



- Health, Safety, Security and Environment (HSSE) Policy: Affirms Karoon's commitment to the safety and security of our people as a priority.
- Whistleblower Protection Policy: Establishes the mechanism for concerns to be raised on a confidential basis without fear of reprisal, which applies to all our employees and stakeholders.
- Sustainability Policy: States Karoon's zero tolerance policy of any human rights breaches. Recognises the United Nations Universal Declaration of Human Rights, United Nations Guiding principles on Business and Human Rights, and commits to manage and report on modern slavery.
- Anti-bribery, Fraud and Corruption Policy: Supplements the Code of Conduct, setting expectations and procedures to minimise risk of bribery, fraud, and corruption. This is particularly relevant, considering the positive correlation between corrupt practices and the incident of modern slavery.

During 2024, we intend to develop and publish further policies, with the aim of reinforcing our commitment to continue to address modern slavery within our operations and supply chain. We also plan to review other policies in place, to ensure modern slavery is noted and applicable to all stakeholders, including our suppliers.

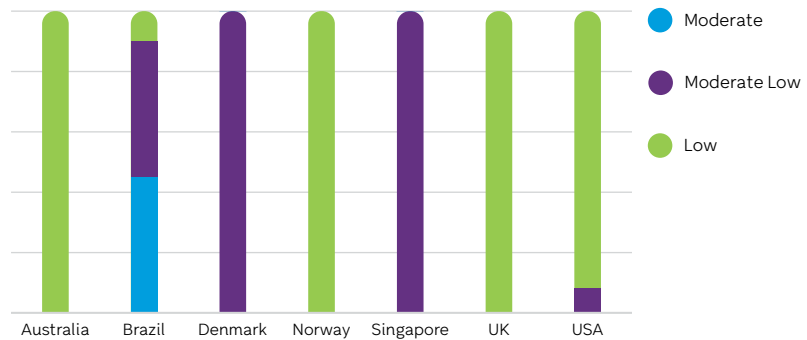
Geographic Risks

In terms of geography, some countries can have higher risks of modern slavery due to factors including poor governance, weak rule of law, conflict, migration flows and socio-economic factors (e.g. poverty and inequalities). Australia is currently ranked 149 by the Global Slavery Index in terms of risks for modern slavery, while Brazil is ranked 100 (160 were included in the rank, 160 being the lowest risk).

Despite a relatively strong government response to the issue, it is estimated that 41,000 workers¹ are living in modern slavery conditions in Australia. High risk sectors include agriculture, construction, domestic work, cleaning, hospitality, and the resource industry, especially due to the number of migrants and workers employed on temporary visas.

International investments and operations can carry geographic risks. Because the majority of our suppliers and operations are located in Brazil, Karoon recognises that country risks must be considered. Modern slavery in the region is driven by inequality, increasing poverty, discrimination against migrants and minority groups, as well as political instability. Based on the risk assessment completed for Karoon, all suppliers assessed as having moderate risks are located in Brazil, where most of our business partners are located (87 out of 100 assessed).

Modern Slavery Risk Rating per Country



While the legislation in Brazil regarding this issue is still emerging, a proposed Law (Federal level) is under review by Congress which aims to hold companies accountable for monitoring modern slavery incidents within their supply chain. This will closely align with Australia's requirements. São Paulo, the largest state in the country by population, has a state law in effect (2013), that condemns the commercialisation of products with any link to modern slavery practices within their manufacturing process². Entities that are found to be involved with such practices will lose their legal license to operate.

Currently, the Brazilian Federal Government is responsible for publishing a "Dirty List" of slave labour³, which is updated twice a year. Individuals and organisations on the list have been reported as being involved in some form of slave labour. The most recent list (updated in October 2023⁴) has 473 names, the majority of which are organisations and individuals in agriculture and other rural activities, none of them identified within Karoon's supply chain.

As part of our Whistleblower Protection Policy all suppliers, contractors and employees have access to grievance mechanisms via a third-party Whistleblower reporting service, which facilitates both named and anonymous reporting. Concerns can be raised via phone or email to Karoon external reporting services (available in English and Portuguese), who will then pass the details of the report to Karoon's General Counsel and Chair of the Audit, Risk and Governance Committee. During the reporting period, we did not receive any complaints or grievances classified as relating to modern slavery through these avenues but we acknowledge that this does not exclude the possibility of modern slavery incidents within our operations and supply chain.

The Brazilian Federal government also manages a national grievance channel for reporting modern slavery. The Ipê System allows for anonymous reports, where the whistleblower provides information to assist with the government investigation and remediation process⁵.

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

2. <https://www.al.sp.gov.br/>

3. <https://www.gov.br/mdh/pt-br/navegue-por-temas/combate-ao-trabalho-escravo/cadastro-de-empregadores-201clista-suja201d>

4. https://www.gov.br/trabalho-e-emprego/pt-br/assuntos/inspecao-do-trabalho/areas-de-atuacao/cadastro_de_empregadores.pdf

5. <https://ipe.sit.trabalho.gov.br/#/>

ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

Karoon engages with external stakeholders to identify potential improvements to our modern slavery strategy and reporting framework. As part of this process, we have completed external benchmarking and sought feedback from rating agencies, government bodies and third parties. We have used this feedback to continue to develop our modern slavery strategy and reporting framework. During the second half of 2023, this included the adoption of a platform to monitor modern slavery risks in our supply chain and assist in strengthening the focus of our procurement due diligence process, ultimately leading to more effective risk identification and reduction.

ACTION	STATUS
Modern slavery awareness sessions	In person sessions held in both Melbourne and Rio de Janeiro offices
Modern slavery risk assessment for tier 1 suppliers	High level assessment completed for top 100 suppliers (per spend), representing 99.5% of Karoon's annual spend
Modern slavery compliance framework	Further due diligence for high-risk suppliers to be completed in the next year
Review of modern slavery statement structure	Completed, to align with reporting requirements established by the Modern Slavery Act (2018)

PROCESS OF CONSULTATION

As part of the consultation process, Karoon has engaged internally with different teams to ensure the issue of modern slavery is incorporated into the Company's strategy in an integrated way. A company representative is present at all Karoon operated work sites to monitor health and safety performance as well as general working conditions.

In November 2023, a session was held in our Melbourne office, with online transmission, for all our employees in Australia, with the aim of raising awareness within different teams around modern slavery. The training included an overview of modern slavery issues, relevant legislation

worldwide, particularly to the Oil & Gas sector and relevance to Karoon as an organisation. A session was also held in the Rio office for all employees (November 2023). The session was developed by a local third-party contractor and conducted, in Portuguese, covering similar content.

CONTINUOUS IMPROVEMENT

A modern slavery strategic review was completed and based on this, a plan was developed to implement further improvements in modern slavery risk management. The table below summarises the focus areas for Karoon, within the modern slavery space, in the short/medium term.

Governance and Policy	<ul style="list-style-type: none">• Review of relevant corporate governance policies already in place and development of complementary documentation• Improve internal consultation process, potentially with the establishment of a cross-functional working group• Awareness training modules and materials for employees and other relevant stakeholders, to be offered annually• Review and update performance indicators to monitor the progress and effectiveness of Karoon's modern slavery strategy.
Procurement – Risk Assessment and Due Diligence	<ul style="list-style-type: none">• Further development of Karoon's modern slavery compliance framework, engaging with relevant teams within the organisation. This includes supplementary due diligence for suppliers identified with higher risks and potentially new requirements for stakeholders participating in tender processes• Regular updates of Karoon's modern slavery risk assessment, and potentially expanding the supplier base being assessed• Map and assess modern slavery risks beyond tier 1
Grievance Mechanisms, Response and Remediation	<ul style="list-style-type: none">• Remediation process to outline appropriate action in case of modern slavery incidents• Strengthening of current grievance mechanisms, which includes ongoing work to ensure their effectiveness• Industry collaboration and, potentially, participation in external working groups
Reporting and Communication	<ul style="list-style-type: none">• Continuous improvement in the modern slavery statement's structure

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