

MODERN SLAVERY STATEMENT FINANCIAL YEAR 2023

This is the fourth annual Modern Slavery Statement published by MODEC, Inc. and its subsidiary entities (together referred to as 'MODEC'), including MODEC Management Services Pte Ltd having operations in Australia. It is made pursuant to, and in accordance with, the *Modern Slavery Act 2018* (Cth).

ABOUT MODERN SLAVERY

Modern Slavery is an umbrella term, describing a range of serious human rights violations including forced labour, debt bondage, human trafficking, servitude and other exploitative practices ('Modern Slavery'). By its nature Modern Slavery affects vulnerable people and is concealed by its perpetrators. Its causes are complex. Modern Slavery is a global issue that is prevalent within industries that are labour intensive, low skilled and subject to global under-regulation. It perpetuates inequality and frustrates individual and social progress.

ABOUT MODEC

MODEC is an international company spanning five continents, and for more than 50 years has been providing engineering, procurement, construction and installation ('EPCI') and operations services across a range of floating offshore oil and gas production solutions. Owning and operating its own fleet of offshore production facilities, MODEC is one of the largest independent operators of floating production storage and offloading ('FPSO') assets in the world.

MODEC Structure

MODEC, Inc. is a Japanese public company with a consolidated workforce of more than 5000 employees, listed on the Tokyo Stock Exchange under the symbol 6269. To better understand our organization structure and subsidiary entities, please refer to our website (<https://www.modec.com/about/office/>).

MODEC, Inc.'s Board of Directors ('Board') is responsible for the performance of the MODEC Group of companies guiding its operations and strategy. This includes approving MODEC's Mission, Vision and Core Values ('MVV') and monitoring its culture and compliance to ensure it upholds its Code of Business Conduct and Ethics ('CODE'). The Board is supported by a Group Compliance Committee and a Management Board ('MB'), and MB is assisted by a newly established Sustainability Committee and an Environment, Health and Safety Committee. The Board, MB and MODEC's management are committed to maintaining and reinforcing a culture of strong corporate governance, which promote its business objectives including adherence to its MVV and CODE.

MODEC Operations

MODEC's operations focus on EPCI and sales of floating offshore oil and gas production facilities, primarily FPSOs, floating storage and offloading systems ('FSO') and tension leg platforms ('TLP') to energy company clients. MODEC also leases and charts floating production facilities and provides associated operations and maintenance services, plus after-sale services encompassing provision of parts and engineering support services. Aside from our headquarters in Japan, MODEC has operations in Australia, New Zealand, Singapore, Vietnam, the US, Brazil, Mexico, West Africa, amongst others.

MODEC Supply Chain

As a large international construction and offshore services company to the offshore oil and gas industry, MODEC's direct supply chain generally comprises:

- construction and fabrication services
- engineering and technical services
- marine and specialist topsides process equipment
- marine logistics and transportation services
- maintenance spares and services
- electrical and electronic equipment and
- labour, consultant and corporate services.

MODERN SLAVERY RISKS IN OUR OPERATIONS AND SUPPLY CHAIN

MODEC's CODE describes our values and provides a framework through which these are to be upheld across our operations. MODEC's CODE endorses our absolute commitment to upholding human rights; our respect of all internationally recognised human rights principles as established in the United Nations Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact, to which MODEC is a signatory. Together with MODEC's Sustainability Foundation, our CODE prohibits violations of human rights, including opposing all forms of forced labour, child labour, human trafficking and all other forms of Modern Slavery, within our own company and across our operations and also within our supply chain. All MODEC employees and contractors are subject to mandatory and comprehensive induction training regarding our CODE, reinforced on an annual basis.

For more than 50 years MODEC has safely and sustainably conducted its business as it has grown to become one of the world's leading providers of offshore oil and gas production services. In doing so, MODEC is committed to conducting our business in:

- accordance with the highest standards of ethics, integrity and corporate governance practices underscored by MODEC's values, which include respect for human rights, openness, honesty, and safety in all we do
- an economically, socially and environmentally sustainable manner that is transparent and ethical
- compliance with all applicable laws and regulations, including all applicable labour, employment, immigration and whistleblower laws
- support of diversity, equity and inclusion and
- the spirit that all human beings are born free and are equal in dignity and rights and believes that MODEC employees should act towards one another in a spirit of fellowship. As part of this commitment, MODEC does not employ underage workers or forced labour (involuntary labour or any kind including prison labour, debt bondage, or forced labour by the government) and will not knowingly partner with a supplier, third party or business partner that illegally or improperly employs underage workers or forced labour.

MODEC routinely undertakes internal audits to assure the effectiveness of, and compliance with, our policies. Further, MODEC encourages its work force to report any potential concerns via our Ethics Hotline whereby members of the MODEC community can anonymously report suspected deviations from our policies including any human rights violations. The system is independently operated and available 24 hours a day, 365 days a year.

MODEC considers its potential to cause or contribute to incidents of Modern Slavery within our own operations to be low.

However, MODEC's international supply chain is highly complex and, in some instances, includes several levels of suppliers and subcontractors. Consequently, MODEC recognises that its supply chain necessarily extends to sectors and countries vulnerable to Modern Slavery including out-sourced services such as construction and fabrication, labour hire, cleaning and catering. Since 2019, MODEC has engaged external specialist expertise to help us assess Modern Slavery risks in the supply chains of a number of current EPCI contracts. Modern Slavery risks within our supply chain are mapped using geographical and supply characteristics including:

- the vulnerability to Modern Slavery of the relevant supply country
- whether the relevant supply (either manufacture of products or provision of services) is labour intensive
- the skill level of the supplier workforce and
- any relevant knowledge of supplier work force treatment.

These factors, amongst others, are used to characterise the risk to people associated with a specific supplier, which is then calibrated against the proximity of the risk to MODEC and our ability to influence supplier behaviour. The risk proximity is determined using the magnitude of MODEC's commercial relationship with the supplier, whether the supply is exclusive to MODEC and the physical proximity of the supplier to MODEC.

ACTIONS TAKEN TO ASSESS AND ADDRESS RISKS IN 2023

MODEC has continued to implement our planned actions to address Modern Slavery risks during this period.

Over the past twelve months MODEC achieved the following in response to the risk of Modern Slavery:

- established a Sustainability Committee reporting to the MODEC's MB, with responsibility for planning, promoting and managing activities related to sustainability issues across the MODEC Group, including the specific matter of human rights
- continued its partnership with an external ethical trade consultant specialising in supply chain human rights policy and practices to support our human rights audit and improvement processes
- from the results of assessments conducted over the past several years, the focus areas and key subcontractors are selected in cooperation with our clients, and undertook detailed human rights assessments at several key Asian based subcontractors, whom MODEC utilise for specialist EPCI project services. These assessments involved interviews with both subcontractor management and workers showing that the subcontractor has been supporting the development and implementation of relevant principles and guidelines which seek to promote worker welfare and human rights issues, but also revealed some practices to be improved for migrant workers. These assessment findings will form the basis of further audit and assessment, including the development of a corrective actions list which will be used to track progress on areas of deficiency
- participated in a joint initial human rights assessment at a major Asian shipyard which identified improved internal shipyard practices, but also the need for a more integrated Human Rights Due Diligence (HRDD) system and overall human rights risk management including follow-up of client expectations towards sub-contractors, recruitment agencies and overseas training centres, within the Shipyard's overall management systems and

- published Supply Chain Human Rights Governance Standard which describes Modern Slavery, MODEC's commitment to upholding human rights and identifying and remediating risks of modern slavery, and proper supply chain governance regarding human rights within our supply chain.

This work continues MODEC's efforts to assess risks of modern slavery in its supply chain, and in particular its key shipyard and fabrication yard subcontractors, over previous reporting periods, and provides an important baseline allowing for improvements in human rights conditions to be monitored during the execution of future MODEC projects.

EFFECTIVENESS ASSESSMENT

MODEC has observed that key subcontractors with whom it has worked to audit modern slavery risks are increasingly transparent, open and cooperative with its efforts to undertake human rights assessments and identify corrective actions to improve worker conditions. Such cooperation is viewed as a significant step towards permanent progress in culture and management systems to safeguard worker welfare.

Whilst MODEC's commitment to upholding human rights across its supply chain has concentrated on its exposure to low skilled labour employed at its subcontractor shipyards and fabrication yards; MODEC will be augmenting this focus with the establishment of a MODEC global human rights program combining its learnings to date to expand its effectiveness beyond its current EPCI supply chain focus.

CONSULTING WITH OWNED OR CONTROLLED ENTITIES

MODEC operates as an integrated Group of companies with overarching policies, processes and systems that are designed to ensure consistency throughout all our operations. Accordingly, consultation across the list of entities owned or controlled by MODEC, Inc., has occurred naturally. Further, all MODEC entities operate under the direction and governance of the Board, who have been consulted and informed of the reporting requirements of the Modern Slavery Act via the MODEC Group Compliance and Ethics Committee.

This statement is approved and endorsed by the MODEC Board on 21 June 2024.



Hirohiko Miyata

Representative Director, President & Chief Executive Officer of MODEC Inc.