



# Modern Slavery Report 2022

This Modern Slavery Report is made pursuant to the Australian Modern Slavery Act 2018 (Act) by SMRM Holdings Pty Ltd and its subsidiaries (collectively the 'IOR Group', 'IOR' or 'the Group') as detailed in Table 1. The Report covers the following entities, which are reporting entities under the Act.

**Table 1**

Entity	ABN
SMRM Holdings Pty Ltd	85 168 760 861
IOR Pty Ltd	36 009 653 070
IOR Aviation Pty Ltd	60 056 487 453
AF Townsville Pty Ltd	54 638 510 059
IOR Energy Pty Ltd	60 010 504 444
IOR Terminals Pty Ltd	14 057 379 067
IOR Transport Pty Ltd	66 162 200 099
IOR Transport Services Pty Ltd	15 605 338 396
Fuelcharge Pty Ltd	32 616 990 339
IOR Services Pty Ltd	46 151 774 159
IOR Sales & Rentals Pty Ltd	49 137 156 097
IOR Marine Pty Ltd	93 159 791 330
IOR Rural Holdings Pty Ltd	33 641 448 277
IOR Rural Assets Pty Ltd	83 641 450 473
IOR Rural Pty Ltd	76 641 451 630
IOR Rural Services Pty Ltd	11 641 449 809
Hyblue Pty Ltd	25 065 395 244
Strike Fuels Pty Ltd	90 167 909 195
Strike Fuels Assets Pty Ltd	81 621 590 010
Strike Fuels Holdings Pty Ltd	50 621 590 761
Strike Fuels Employment Pty Ltd	42 621 591 535
Lytton Terminals Pty Ltd	52 633 000 781

## 1. OUR COMMITMENT

The IOR Group is opposed to all forms of modern slavery, servitude, compulsory labour, trafficking and related acts of exploitation against any person.

The Group respects ethical labour practices and is committed to taking appropriate action to address modern slavery risks, whether this is within its own business operations, supply chains or other business relationships.

IOR complies with all local, state and federal legislation and regulations and conducts its business activities in alignment with its core values of integrity, teamwork, community, innovation, and safety. Accordingly, the Group seeks to work with suppliers, contractors and customers who are not only economically and environmentally responsible, but who are socially minded and aligned with IOR's value set.

## 2. OUR BUSINESS

### 2.1 Who we are

With capabilities throughout the entire Australian fuel supply chain, the IOR Group is one of the largest 100% Australian owned and operated energy and infrastructure providers in Australia. Committed to working closely with customers to understand their needs, IOR is known for delivering industry leading fuel distribution, fuel storage and fuel management solutions throughout regional Australia.

Core to the IOR Group's business are its fuel networks, serving the needs of Australia's transport and aviation industries.

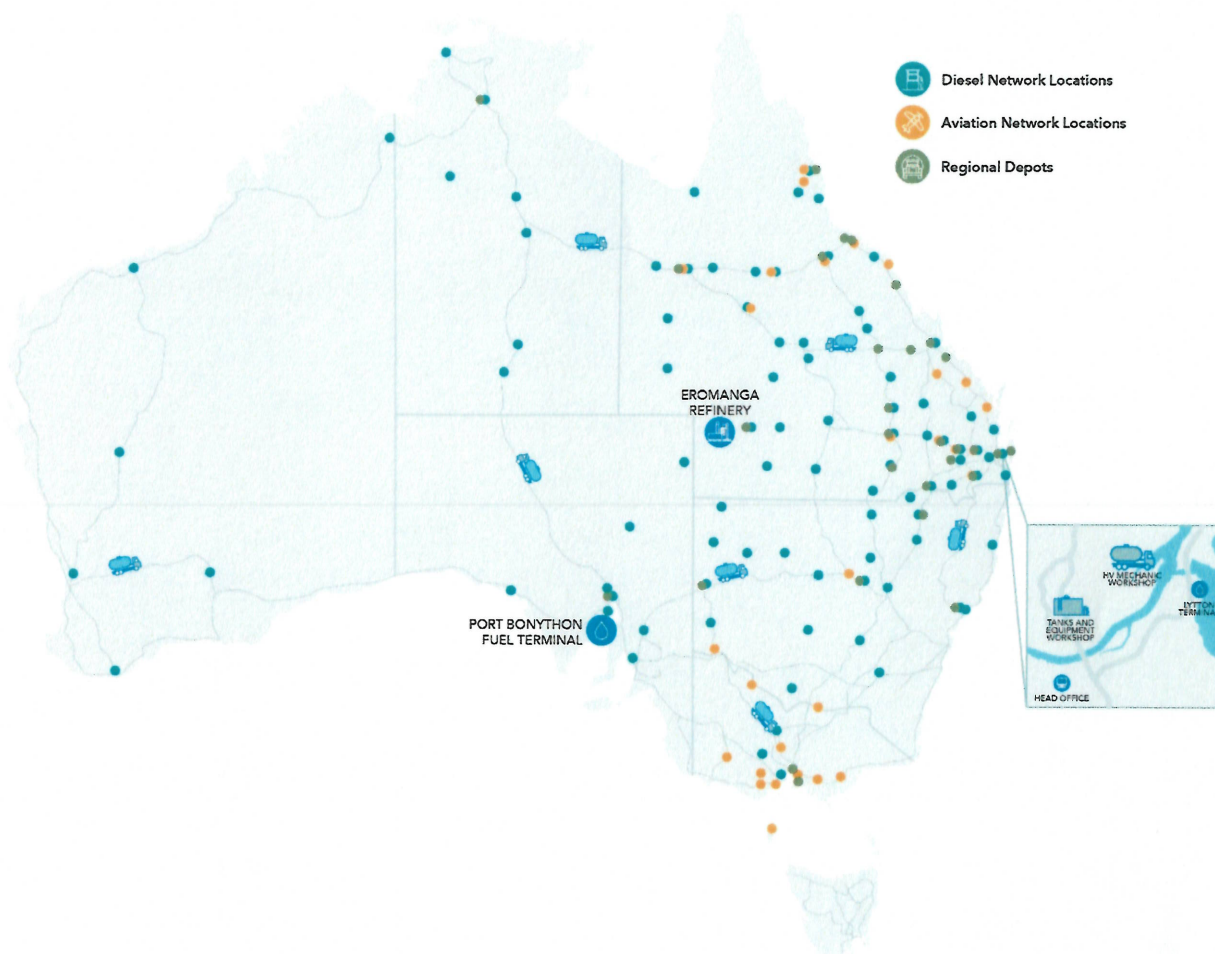
The Group currently operates 100+ diesel stops across Australia in strategic locations along major transport routes and over 30 aviation refueling facilities at regional airfields and airports.

Innovation has been a hallmark of the Group's approach to business growth and expansion and to meeting the needs of its customers. IOR is a pioneer in fuel management technology in Australia, having developed its own proprietary solution, known as HyDip®, which is the key enabler behind the Group's fully automated fuel networks

IOR's HyDip® technology provides businesses with real-time data on their fuel tank inventory and, through specialised and robust hardware, tracks all fuel usage. After proving the technology's value in the Group's remote operations, it was then made available for third parties, customers, and industry, enabling the efficient management and productivity enhancements for other private fuel networks.

To support the IOR Group's fuel networks, and customers, the Group fabricates, commissions, and refurbishes fuel storage tanks at workshops throughout the country. IOR's fuel storage tanks are utilised throughout its fuel networks and at many customer sites.

## 2.2 IOR Group Operations



The IOR Group operates within the following broad categories of business<sup>1</sup>:

1. **Importing:** HyDip® units from Europe; pre-manufactured bulk fuel tanks, generally imported from Asia.
2. **Refining:** Refining of domestic Australian crude oil in Western Queensland into diesel fuel and solvents;
3. **Fuel distribution:** Distribution of fuels throughout mainland Australia. All fuel distributed is purchased onshore from related IOR Group entities or major fuel companies and distributed across the Group's fuel networks; infrastructure to support fuel distribution is spread across regional Australia;
4. **Fuel transport:** Domestic transport of fuel and related products by road, and soon to be by ocean, to meet IOR requirements and for third party customers;
5. **Fuel management solutions:** Proprietary fuel management software and fuel tanks supplied to IOR customers; installation of tanks is also provided where required to meet customer requirements; and
6. **Shared Services:** the IOR Group's shared services are predominantly based at the Group's head office in Cannon Hill, Brisbane, with another fifteen (15) offshore contractors residing in the Philippines or Malaysia.

<sup>1</sup> Shareholders in SMRM Pty Ltd also hold shares in IOR Terminal Nominees Pty Ltd (IORTN), a separate reporting entity under the Modern Slavery Act 2018 which operates the fuel terminal facilities at Port Bonython. These facilities are utilised by the IOR Group as part of its business operations. A copy of the Modern Slavery Statement of IORTN, and its subsidiaries, can be found at [modernslaveryregister.gov.au](https://modernslaveryregister.gov.au)

## 2.3 The IOR Group's Supply Chain

Table 1 below details the key material categories of third party spend incurred across the IOR Group's operations in 2021/22. The Group's key suppliers are primarily located within Australia with the exceptions being the supply of HyDip® units imported from Europe and pre-manufactured bulk fuel storage tanks imported from China. The Group also notes that fuel purchased onshore from related IOR Group entities or major fuel companies as part of its fuel distribution business is often imported by the seller. Many of the categories of spend identified apply to more than one of the operational lines but have been included where most appropriate in Table 2 for simplicity.

Table 2

No.	Area of Operation	Key third party spend
1.	Imports	Procurement of pre-manufactured tanks Procurement of HyDip® units
2.	Refining	Crude oil and product supply
3.	Fuel distribution	Procurement of fuel (on-shore) Fuel equipment Fuel Infrastructure and development of site networks Rent Building maintenance
4.	Fuel transport	Vehicle acquisition and maintenance Fuel Insurance
5.	Fuel management solutions	Supply of bulk fuel tanks, including installation Fuel equipment and installation Technology hardware
6.	Shared Services	Business administration services IT equipment and services

## 3. RISKS OF MODERN SLAVERY PRACTICES IN IOR GROUP OPERATIONS

In 2021/22, the IOR Group undertook a high-level risk review of its operations and considers that, overall, the risk of modern slavery practices within the Group's operations is low-moderate. This was based on the following risk ratings:

<b>Low Risk:</b>	<b>Limited or negligible likelihood that modern slavery exists</b>
<b>Moderate Risk:</b>	<b>Potential vulnerability that modern slavery exists</b>
<b>High Risk:</b>	<b>High level of probability that modern slavery exists</b>

Ongoing and additional due diligence is required to ensure that the overall risk assessment of low-moderate remains accurate and to appropriately manage this risk. Whilst the Group endeavours to do business with suppliers and other third-parties that have similar values, ethics and socially responsible business practices, especially in relation to human rights and modern slavery, it acknowledges that there are areas within its supply chain and operations that may present a heightened risk. These areas will receive a more measured and considered focus going forward.

The IOR Group considers that the risk of modern slavery occurring within its operations or supply chains will vary depending upon its choice of supplier (particularly those operating in certain high-risk industries or operating out of high-

risk geographies) and the level of diligence applied by the Group to its employment, outsourcing and procurement arrangements.

The IOR Group has assessed its modern slavery risk across these three areas, which are discussed in further detail below:

### **Employment**

The IOR Group has a centralised and structured employment framework with clear visibility and strong controls over its recruitment processes and workplace environment. Employees are employed directly by the Group within Australia and IOR is fully compliant with all Australian employment, industrial relations and work health and safety laws. The high level of employment regulation within Australia puts IOR Group employees at a very low risk of modern slavery. Further protection is afforded to employees through IOR Group policies including:

- Whistleblowing Policy
- Code of Conduct
- Anti-Bribery, Corruption and Fraud Statement
- Diversity & Inclusion Policy
- Bullying Harassment and Discrimination Policy
- Health, Safety & Environment Policy

### **Outsourcing – Shared Services**

The IOR Group outsources certain internal head office processes or functions within the Finance, Property and IT functions to external service providers, providing an elevated risk of modern slavery in the delivery of these services. During the reporting period, outsourcing suppliers were sourced from:

- Australia
- Philippines;
- Malaysia;
- Europe.

Whilst Australian based suppliers are considered Low Risk in terms of modern slavery, some of the Group's outsourced suppliers have offshore operations or contractors and some of these suppliers have therefore been an area of focus for the Group.

As at 1 December 2022 the IOR Group had 14 contractors in its Finance team that were working and residing in the Philippines, with each team member engaged by IOR at above average market rates and conditions through a third-party service provider arrangement jointly entered into with an Australian based entity and a Philippines based entity. As the Philippines have a much higher risk than Australia in terms of their overall weighted average on the Global Slavery Index 2018<sup>2</sup>, IOR management have a formal contract with the service provider, have regular and direct contact and interaction

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<sup>2</sup> A country's weighting on the Global Slavery Index provides an estimate of vulnerability to modern slavery, although the availability and sourcing of such data in certain jurisdictions may not be reliable. See [www.globalslaveryindex.org.au](http://www.globalslaveryindex.org.au)

with its Philippines based team members and have reviewed the service provider’s Modern Slavery Policy and Procedure which is available to its Philippines’ based staff.

The Group also engages with various software and hardware developers as consultants to maintain its proprietary technology platforms. These consultants are primarily based in European Union based countries and are highly skilled technical staff. Two (2) consultants are engaged directly by the IOR Group and a further seven (7) are contracted through an Australian owned company and are engaged on flexible terms at market rates. These countries represent a heightened risk in terms of modern slavery, having an overall weighted average on the Global Slavery Index 2018\* well above Australia’s. This risk is managed through the Group’s Head of Technology who has regular and direct contact with all consultants.

IOR has one IT consultant working and residing in Malaysia who has been engaged at above average rates and conditions via the Upwork platform ([www.upwork.com](http://www.upwork.com)) and the IOR Group maintains a high level of control and communication with this consultant, again through the IOR Group’s Head of Technology.

Certain property and facilities services are also outsourced by IOR (such as cleaning, waste management and maintenance) with Australian based suppliers who are covered by Australian laws. Notwithstanding this, these particular industries can present an increased risk of modern slavery and the engagement of suppliers in these areas will be an ongoing area of focus for the Group.

#### **Procurement (excluding outsourcing arrangements)**

Procurement may represent a material risk in terms of the supply chain associated with certain goods and services procured directly or indirectly from industry sectors or countries with a higher risk to modern slavery. Given the extensive number of suppliers that IOR engages, a high-level desk top review has been undertaken across IOR’s areas of operations to identify major supply contractors or areas representing a heightened risk in the supply chain. These risks are described in Table 3 below.

**Table 3**

No.	Area of Operation	Modern Slavery Risk Assessment and Rating
1.	Imports	<ul style="list-style-type: none"> <li>Pre-fabricated fuel tanks imported from China - the manufacture of these tanks in a foreign jurisdiction represents a heightened risk (moderate)</li> <li>HyDip units imported from Europe - the manufacture of these units in a foreign jurisdiction represents a heightened risk (moderate)</li> </ul>
2.	Refining	<ul style="list-style-type: none"> <li>Refining of crude oil is conducted in Australia by IOR and this part of the process is assessed as low risk (low).</li> <li>Crude oil is supplied by on-shore Australian suppliers – given these are Australian based suppliers, at face value this presents a low risk. However, some of this product may be sourced by these suppliers from overseas (extraction, production and transportation in a foreign jurisdiction presents a heightened risk) (low-moderate)</li> <li>Other procurement required for refining is considered relatively low value and supplied by well-established, reputable Australian suppliers (low).</li> </ul>
3.	Fuel distribution	<ul style="list-style-type: none"> <li>Fuel imported from well-respected, reputable fuel majors, from IOR Group related entities or on-shore Australian terminals presents a heightened risk of modern slavery where the fuel is originally extracted, refined, produced and transported from a foreign jurisdiction (level of risk depends on the jurisdiction) (moderate).</li> </ul>

No.	Area of Operation	Modern Slavery Risk Assessment and Rating
		<ul style="list-style-type: none"> <li>• The construction of fuel distribution networks is generally outsourced to project management and construction companies, which are subject to considerable Australian regulation and the risk of modern slavery is considered fairly low (low).</li> <li>• The current construction of new terminal facilities in the Port of Brisbane was contracted predominantly to well-known and reputable Australian building contractors, apart from the construction of the fuel tanks which was contracted to a reputable, international contractor in the USA. As part of this contract, the steel was procured from a listed Australian steel producer to mitigate the quality and modern slavery risks (low).</li> </ul>
4.	Fuel transport	<ul style="list-style-type: none"> <li>• Transport trucks, tyres and spare parts are sourced within Australia from internationally recognised and reputable brands however there is a heightened risk of modern slavery in the manufacture and supply of these items where these items have been produced in foreign jurisdictions (low-moderate).</li> <li>• Fuel – the risk associated with fuel used by the IOR Group as part of its transport network has already been assessed under Item 3 above.</li> <li>• Transport Workers – where transport workers are engaged by the IOR Group the risk of modern slavery is considered very low. Where a 3<sup>rd</sup> party contractor provides transport services to IOR there is a heightened risk of modern slavery, notwithstanding that the services are carried out in Australia and are subject to Australian law (low-moderate).</li> </ul>
5.	Fuel management solutions	<ul style="list-style-type: none"> <li>• The IOR Group’s proprietary fuel management software system was developed and is maintained in-house by the IOR Group’s IT team, and the risk of modern slavery associated with this is considered low (low).</li> <li>• Manufacture and modification of fuel tanks – the risk associated with the importation of tanks has been assessed under Item 1 above. Where tanks are manufactured or modified in Australia this work will generally be carried out by IOR employees and the risk of modern slavery is considered low (low).</li> <li>• Installation of fuel tanks and fuel management software – this work is generally carried out by IOR employees and the risk of modern slavery is considered low (low).</li> <li>• Equipment and parts – equipment and parts sourced or originally manufactured in foreign jurisdictions may represent a heightened risk of modern slavery in the supply chain (low-moderate).</li> </ul>
6.	Shared Services	<ul style="list-style-type: none"> <li>• Internally outsourced service providers – the risks associated with these arrangements have been identified on pages 5-6 above.</li> <li>• Safety equipment and uniforms: these are generally sourced from reputable Australian suppliers however where products are produced in foreign jurisdictions they represent a heightened risk in terms of modern slavery (moderate);</li> <li>• Stationery and office supplies – these are generally sourced from reputable Australian suppliers however where products are produced in foreign jurisdictions they represent a heightened risk in terms of modern slavery (low-moderate);</li> <li>• Insurance services – insurance providers are generally Australian based, with the exception of one of IOR’s credit insurers being based in Switzerland. The risk of modern slavery in the area of insurance is assessed as low (low).</li> </ul>

#### 4. ACTIONS TAKEN BY IOR TO ASSESS AND ADDRESS RISKS

The IOR Group is really at the beginning of its journey in embedding good practice modern slavery risk management systems and processes into its operations. As a starting point, the Group seeks to ensure that its material outsourced service providers and its key suppliers are reputable Australian or international suppliers with high ethical standards. In 2022 the Group reviewed its key fuel supply contracts with a view to assessing the current contractual undertakings of its suppliers in relation to Modern Slavery and strengthening these undertakings when new contracts are entered into, or a contract is renewed. The Modern Slavery Statements of IOR’s key fuel suppliers were also reviewed and considered for assurance purposes.



Additional actions, which are being developed as the IOR Group continues to grow and mature, are identified below:

#### **4.1 Increased supplier due diligence and engagement**

Where IOR anticipates a risk of exposure to service providers or suppliers who adopt modern slavery practices, IOR will take a hands-on approach to supplier due diligence. For example, where IOR elected to import tanks from China, a Director and senior management visited the overseas production facilities prior to entering into a purchasing arrangement, to ensure required quality standards would be met and that ethical business practices were being adhered to. The Group is looking to enhance and mature these due diligence and governance processes in 2023, including undertaking focussed supplier reviews, issuing questionnaires to suppliers or potential suppliers, and enhancing its contract management processes.

#### **4.2 Clauses in supply contracts**

Modern Slavery clauses are included in a substantial number of the IOR Group's major procurement contracts, with the aim of strengthening IOR's contractual position on the issue of modern slavery in relation to all suppliers and services providers. These contractual provisions document the legal measures available to IOR where it identifies any unethical practices of its suppliers and play an integral part in obtaining and ensuring conformity by suppliers to Modern Slavery Legislation. IOR will take all available steps to terminate any contractual agreement or partnership where there is a breach of our Modern Slavery Statement or the Modern Slavery Legislation.

#### **4.3 Offshore supplier employment contract transparency**

IOR has a formal agreement in place with the Australian based service provider who facilitates the provision of contracted workers in the Philippines, with access to the employment contracts of Philippines based staff and full visibility of their wages and employment conditions. Management undertakes regular videoconferencing with the Philippines based staff.

#### **4.4 Improving staff awareness**

During the year the Group made plans to build awareness across the business around the potential risks of modern slavery in IOR Group operations and supply chains. Following the publication of this updated Modern Slavery Statement, IOR plans to:

- Include this Modern Slavery Report and outline the IOR Group's position on modern slavery as part of the onboarding process for new staff members;
- Conduct targeted briefings to the procurement functions within the Group;
- Implement a compulsory modern slavery training program for all senior leaders and staff with responsibility to manage external supplier procurement; and
- Expand its due diligence processes to target suppliers that are at higher risk of modern slavery practices.

#### **4.5 Processes for incident reporting**

IOR has a published Whistleblower Policy which encourages employees, contractors and suppliers to raise any concerns where there are reasonable grounds to suspect that illegal, fraudulent, unethical or socially irresponsible conduct has occurred, which includes a breach of the Code of Conduct or other policies of IOR.

The Policy details the right to disclose information confidentially, anonymously and without the fear of reprisal via a Whistleblower Hotline that is externally managed by an independent third party. More information on the Policy can be found at [www.ior.com.au](http://www.ior.com.au).

During FY21/22, there were no complaints received through this mechanism related to modern slavery.

#### **4.6 Consultation with entities related or under the control of IOR**

IOR takes a group approach to risk identification and management, with overarching policies, systems and processes designed to be consistently applied across the Group.

Having said that, the risk is not entirely uniform across all entities given the nature of operations, and supply chains are not identical for each entity. Any differences are not considered to be material given the Group-wide approach. It is noted that the risks in the operations and supply chains should not be materially different than those previously articulated in this Joint Statement for the following reasons:

- Fuel distribution subsidiaries procure refined diesel from the Port Bonython Terminal (owned and operated by a separate but related reporting group<sup>3</sup>), as well as third party terminals.
- Those subsidiaries likewise acquire their non-fuel services almost entirely from Australian-based suppliers, which operate under workforces subject to significant regulation.

As a result of these conclusions, the same analysis applies to all of the reporting entities covered by this Joint Statement along with each of their controlled entities.

#### **4.7 Impact of COVID-19**

The COVID-19 pandemic has created new and heightened modern slavery risks for businesses. This includes having to form relationships with new suppliers to ensure continuity of provision of materials or to satisfy higher or lower than usual demand, changes to supply or payment terms affecting the cash flow of suppliers, restrictions on the ability to thoroughly audit suppliers and the greater likelihood that vulnerable workers may be exploited in this environment.

The key focus of the IOR Group during the pandemic has been to protect the welfare of its workforce while ensuring business continuity. The effect is that our workplace processes have become even more robust and stringent to ensure we meet government health requirements, and all induction processes have continued with the same rigour. To ensure continuity of business, we have worked closely with suppliers to understand how they are managing the impact of COVID-19 on their business.

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<sup>3</sup> Shareholders in SMRM Pty Ltd also hold shares in IOR Terminal Nominees Pty Ltd (IORTN), a separate reporting entity under the Modern Slavery Act 2018 which operates fuel terminal facilities at Port Bonython. These facilities are utilised by the IOR Group as part of its business operations. A copy of the Modern Slavery Statement of IORTN, and its subsidiaries, can be found at [modernslaveryregister.gov.au](http://modernslaveryregister.gov.au)

As a result of our approach to managing the COVID-19 pandemic, IOR does not believe that the modern slavery risk position has changed through this period.

## **5. HOW IOR ASSESSES THE EFFECTIVENESS OF ITS ACTIONS**

The effectiveness of the Group's actions is assessed by means of:

- Awareness of Modern Slavery obligations and sensitivity to any reports of issues in this regard with any of its suppliers;
- Conducting risk-based assessments to determine which areas of the business and supply chain are most at risk from modern slavery and ensuring appropriate measures are in place to eliminate the risk; and
- Making enquiries to major suppliers on a regular basis.

## 6. APPROVAL

The IOR Group Board of Directors have ultimate responsibility for governance and oversight of modern slavery risks and all reporting entities are controlled and operated through a single management team.

This joint statement was approved for and behalf of SMRM Holdings Pty Ltd and each of the subsidiaries identified in Table 1 above by the Board of Directors of SMRM Holdings Pty Ltd for the 2021/22 reporting period.



Stewart Morland  
Managing Director



Ross Mackenzie  
Executive Director

Date: 22/12/22