



MODERN  
SLAVERY  
STATEMENT

FY 2019/2020



## TABLE OF CONTENTS

Introduction.....	3
FY19/20 Highlights .....	3
Our Business and Supply Chains .....	3
Our Modern Slavery Strategy and Policies.....	4
Our Approach.....	4
Due Diligence.....	5
Assessing the Effectiveness of our Actions .....	6
Subsidiaries .....	6

## Introduction

AJ Lucas Group Limited is opposed to all forms of modern slavery. This is AJ Lucas's first published Modern Slavery Statement in accordance to the requirements of the *Modern Slavery Act 2018 (Cth)* and sets out the steps we have and will be taking against modern slavery in our operations and supply chains.

### FY19/20 Highlights

#### Built our understanding of modern slavery risk

- We embarked on a methodology to identify and assess modern slavery risks within our supply chain
- We commenced development of a 3-year Modern Slavery Strategy for FY20-FY22
- We reviewed different training options for ongoing training of employees and subsequently, suppliers

#### Developed policies and processes

- We initiated a comprehensive review of existing policies and processes to include areas of labour and human rights
- We commenced development of new policies and procedures to mitigate modern slavery practices risks with our suppliers and employees

#### Enhanced supplier engagements

- We commenced development of our Supplier Code of Conduct; with expectations of how our suppliers should conduct themselves

## Our Business and Supply Chains

### Our Business

AJ Lucas Group (Lucas) owns and manages wholly and partly owned subsidiaries (*refer entities covered by this Statement*) and currently focuses on drilling services to the Australian eastern seaboard coal mining industry by providing drilling services for degassing coal mines and exploration. We are a leading provider of exploration, production and directional drilling services to some of the world's largest miners. We also have a presence in the United Kingdom through our investment in Cuadrilla Resources Holdings Limited, a UK domiciled Oil & Gas exploration entity.

We provide these services utilising a workforce of employees and goods and services obtained from contractors and suppliers. We have identified parts of our supply chains that could indirectly contribute to modern slavery practices through manufacturers, repairers, resellers, and could also include indirect supplies in the supply chain such as rare earth metals in electronic equipment and manufacturing of garments in our PPE.

### Where We Are

We are headquartered in Brisbane, Australia and have a strong presence across eastern Australia. Our Drilling division is operated out of Brisbane head office with regional facilities strategically located near our key customers operations in Queensland and New South Wales. Our Australian operations, including head office staff, number approximately 300 employees which fluctuates with the level of drilling work. We also have investment in exploration licenses in the UK.

### Our Suppliers

In FY19/20, we spent over AUD\$70M on goods and services from over 500 contractors and suppliers, mostly located in Australia. Our commercial team aims to develop and strengthen relationships with customers, contractors and suppliers who are committed to implementing actions against modern slavery. Each of our contractors and suppliers have their own supply chain and we recognize that each level in the supply chain has a responsibility to ensure compliance with all applicable laws, regulations and respect for human rights.

In FY19/20, we procured goods and services from a wide range of categories including:

- Travel and accommodation services
- Energy and utilities
- Fixed plant
- Drilling equipment and infrastructure
- Cleaning, security and catering services
- Commodities including tools
- Electronics and minor electrical equipment
- Personal protective equipment (PPE) and clothing

We source these goods and services from suppliers via standard terms and conditions on our Purchase Orders and multiyear, large value fixed term contracts. Our procurement team is a centre led model and is primarily driven by demands of our customers.

## Our Modern Slavery Strategy and Policies

### Principles for Implementing the Modern Slavery Strategy

- We collaborate with our suppliers, customers and civil society to understand and harness stakeholder expertise in implementing the *Modern Slavery Act 2018 (Cth)*
- We align our policies and procedures with customer contracts and key international standards
- We look for collaboration across the industry to develop and implement practices in support of implementing the *Modern Slavery Act 2018 (Cth)*

## Our Approach

### Risk Assessment

We have used the following risk factors to aid with our Modern Slavery risk assessment:

- Country of operation
- Category of service/goods
- Materiality (*company spend*)

Below are areas of risks that we have identified in our risk assessment:

### Cleaning and catering

Cleaning and catering are high risk due to multiple layers of subcontracting and limited visibility (workforce sometimes only designated for night shifts away from public visibility). This industry employs low skilled, low paid labour with manual work, high prevalence of short term, seasonal and migrant workers. As a result, there is a high possibility that some contractors or suppliers may not identify modern slavery practices.

### Electronics

The entire electronics industry is recognized globally from different research sources as a high-risk industry. There have been known cases where minimal regulation governs the extraction and processing of rare earth metals which is integral in the construction of electronic equipment. We recognise that we could be contributing to the modern slavery practices through purchases of computers and mobile phones.

### Garments

Garments, including PPE, are often produced in countries with higher risks of modern slavery where government oversight and regulations are less stringent than those in Australia. These supply chains are extremely complex and visibility of the supply chain beyond our immediate suppliers is difficult. There is a high risk that the garments we purchase are manufactured from raw materials such as cotton, may be from areas where workers are subjected to modern slavery.

## Rubber products

Rubber is generally produced in countries where there is a higher risk of modern slavery practices, including but not limited to child labour. Our requirement for rubber made equipment such as hoses could unwittingly contribute to general modern slavery practices. Visibility of the supply chain after the manufacturer of these equipment are extremely limited.

Within our operations, we have identified that the areas that have the potential for the highest exposure to modern slavery. As a result, these focus areas have been prioritised for further action in FY20/21:

- Supplier onboarding, including but not limited to self-assessed questionnaire and back to back legal clauses pertaining to human rights
- Training for our employees

## Due Diligence

We are committed to introducing appropriate due diligence practices as part of engaging suppliers, and to continuously improve the process in due time. These processes include:

### 1. Developed an internal risk matrix to identify high risk suppliers based on:

- a) Geographic risk according to the Global Slavery Index 2018
- b) Sector and industry risk (as outlined in "our approach")
- c) Entity risks

### 2. Identified, assessed and ongoing mitigation of modern slavery risks

- a) We have developed a methodology for identifying and assessing potential modern slavery risks that could be contributed to by our actions.
- b) We have commenced a review of the standard Purchase Order terms and high value multiyear contracts with the view to include modern slavery clauses which will require our suppliers to investigate modern slavery risks in their supply chains and to report any incidents of Modern Slavery

### 3. Introduced self-assessment questionnaire

We have developed a self-assessment questionnaire which will form part of our due diligence process in relation to key and/or high risk suppliers. We plan to implement this as part of our process for engaging with new suppliers in FY20/21 and will be rolled out to existing high risk suppliers initially. We will endeavour to engage most of our suppliers in due time.

### 4. Mechanism in raising grievances

We have a Whistleblower Policy and we will expand this policy in the following years to specifically mention grievances raised within the context of modern slavery. This will involve implementation of a comprehensive mechanisms for employees, contractors and third parties to raise a grievance, including potential instances of modern slavery and human rights abuses, suspected or actual illegal activity and breaches of Company policy.

### 5. Supplier onboarding

We are changing the way in which we engaged and "onboard" new suppliers, with primary responsibility for this to be managed by the Commercial team. Suppliers will be engaged through a software solution that utilises templated and standard forms for evaluating risks that attempts to standardise the onboarding process and close gaps identified. Suppliers will also be engaged through negotiations and contractual arrangements as well as discussions relating to the self-assessment questionnaire.

Our suppliers are expected to commit to complying with:

- a) Lucas Code of Conduct
- b) Lucas Supplier Code of Conduct
- c) Lucas Anti Bribery and Corruption Policy
- d) Lucas Health and Safety Policy

### 6. Building our understanding and capabilities

It is crucial that we train our employees to identify and address the risks of modern slavery practices. Training material will be identified and/or developed in CY2021, with training to be rolled out thereafter to ensure there is an acceptable level of awareness of Modern Slavery risk and our policies to mitigate the risk of Modern Slavery across our organisation.

The training program will aim to equip our teams and employees with the awareness, knowledge and tools to:

- a) Understand what modern slavery is
- b) Identify the forms modern slavery can manifest
- c) Outline Lucas's modern slavery risk areas
- d) Understand Lucas's obligation under the *Modern Slavery Act 2018 (Cth)*
- e) Be aware of the actions Lucas has taken in our due diligence and the application of key policies
- f) Provide guidance to suppliers, including how to report suspected incidents of modern slavery

## Assessing the Effectiveness of our Actions

We will continually assess the effectiveness of in identifying the risks of modern slavery through:

- a) Reviews of our policies, procedures and training deployment mechanisms
- b) Encouraging discussions and feedback on our policies that are mandated to our suppliers through our regular supplier engagements.

## Subsidiaries

This statement has been approved by the Board of Directors of AJ Lucas Group Limited and of each of its relevant subsidiaries, listed below, in compliance with the Modern Slavery Act 2018 (Cth). It was approved by the Board of Directors of AJ Lucas Group Limited on 25/03/2021.

1. AJ Lucas Operations Pty Ltd
2. Lucas Engineering & Construction Pty Ltd
3. Lucas Shared Services Pty Ltd
4. Lucas Drilling Pty Ltd
5. Lucas Contract Drilling Pty Ltd
6. Jaaceco Drilling Pty Ltd
7. Geosearch Drilling Services Pty Ltd
8. Mitchell Drilling Corporates Pty Ltd
9. McDermott Drilling Pty Ltd



Brett Tredinnick  
**Group Chief Executive Officer**  
*for and on behalf of AJ Lucas Group*

Date: 30/03/2021



**Lucas Drilling Pty Ltd**  
ABN: 98 093 489 671  
Level 22, 167 Eagle Street  
Brisbane QLD 4000  
T (07) 3363 7333

