



Modern Slavery Statement

**Financial year ending 30 June
2021**

Overview - Modern Slavery Reporting

The Modern Slavery Act (Cth) 2018 (**Act**) came into effect on 1 January 2019 and aims to support the Australian business community to identify and address modern slavery risks, and maintain responsible and transparent supply chains.

Practices that constitute modern slavery can include human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage, the worst forms of child labour, and deceptive recruiting for labour or services.

The Act established a reporting regime for certain entities. Lochard Energy has prepared this statement in accordance with the requirements of the Act. This is Lochard Energy's second statement under the Act. It relates to the 1 July 2020–30 June 2021 financial year.

This statement has been prepared in a manner that is consistent with Lochard Energy's principles of 'Integrity' and 'Performance', and also accords with Lochard Energy's focus on sustainability, environmental, social and corporate governance (**ESG**) and ensuring we maintain a strong social licence to operate.

The statement addresses each of the mandatory reporting criteria in the Act:

1. Identify the reporting entity (page 2);
2. Describe the structure, operations and supply chain of the reporting entity (pages 3-4);
3. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls (pages 4-5);
4. Describe actions taken by the reporting entity and any entities it owns or controls to assess and address such risks (including due diligence and remediation processes) (pages 5-8);
5. Describe how the reporting entity assesses the effectiveness of actions taken (page 8);
6. Describe the process of consultation with any entities that the reporting entity owns or controls (page 8);
7. Include any other information that the reporting entity considers relevant (page 9).

1. Reporting Entity

The Act requires reporting by entities which carry on business in Australia with consolidated revenue of at least \$100m per annum.

Accordingly, Lochard Energy (Iona Operations Holding) Pty Ltd, as trustee for the Lochard Energy (Iona Operations Holding) Trust, is required to report under the Act. This reporting entity in turn owns 100% of the Lochard Energy (Iona Operations) Trust which, through its trustee, Lochard Energy (Iona Operations) Pty Ltd, undertakes the core business activities of Lochard Energy including the employment of employees and contracts with suppliers.

References to 'Lochard Energy' in this statement refer to the activities and actions of the various Lochard Energy entities described in section 2.1, taken as a whole.

2. Structure, Operations and Supply Chain

2.1 Structure

Formed in December 2015, Lochard Energy is an Australian midstream energy infrastructure business that operates the Iona gas storage and processing facility located near Port Campbell in Victoria (**Iona Gas Facility**).

The reporting entity, Lochard Energy (Iona Operations Holding) Pty Ltd (ACN 608 441 041) (trustee for the Lochard Energy (Iona Operations Holding) Trust), owns or controls the following Lochard Energy entities:

- Lochard Energy (Iona Operations) Pty Ltd (ACN 608 441 729) (trustee for the Lochard Energy (Iona Operations) Trust);
- Lochard Energy (Iona Gas Storage Holdings) Pty Ltd (ACN 085 235 749);
- Lochard Energy (Iona Gas Storage) Pty Ltd (ACN 079 089 311);
- Lochard Energy (Iona Heytesbury) Pty Ltd (ACN 010 728 962).

The Iona Gas Facility was built in 1999 under previous ownership and comprises a gas plant and a number of natural underground gas reservoirs that provide large-scale gas storage services supporting Eastern Australia's energy security. Lochard Energy holds a strategic position in the Eastern Australian Gas market, helping to service Victoria and South Australia and the Mortlake Power Station.

Each Lochard Energy entity has a Board of Directors responsible for directing and overseeing its activities (supported by a Board Audit and Risk Committee), while the day-to-day business of Lochard Energy is managed by the Lochard Management Team headed by the Chief Executive Officer.

As at the date of this statement, Lochard Energy has approximately 110 employees.

Each Lochard Energy entity has its registered office/head office in Melbourne, at Level 10, 2 Southbank Boulevard, Southbank, Victoria.

2.2 Operations

The key operational activities conducted by Lochard Energy are:

- operating, maintaining and, from time to time, undertaking expansions of, the Iona Gas Facility;
- providing gas storage services and/or compression services to customers, who are generally wholesale gas market participants who wish to inject gas at the Iona Gas Facility, store gas within the underground reservoirs at the Iona Gas Facility and/or withdraw gas from the Iona Gas Facility; and
- providing gas processing services for the processing of raw gas supplied to the Iona Gas Facility into pipeline quality gas.

The Iona Gas Facility boasts high reservoir quality, demonstrated performance history of high plant reliability and an excellent health, safety and environmental record. The gas plant enables Lochard Energy to provide gas storage and processing and associated services to gas industry customers.

All of Lochard Energy's own operational activities occur within Australia. Its two key business locations are the Iona Gas Facility and Lochard Energy's corporate headquarters located in Southbank, Victoria.

In 2019, Lochard Energy also established a New Energy division, which is committed to developing sustainable solutions to Australia's energy trends in both the electricity and transport markets. (The operations of the New Energy business are in the development phase and accordingly are not otherwise discussed in this report.)

2.3 Supply Chain

As a midstream energy infrastructure business operating physical assets located within Victoria, Lochard Energy's supply chain consists primarily of engineering, technical support, maintenance support, and corporate and site services (including waste management, land management and security services, contract labour services, professional and consulting services, payroll, and information technology services) and the procurement of equipment for the Iona Gas Facility.

3. Risks of Modern Slavery in Lochard Energy's Operations and Supply Chain

3.1 Our approach

Lochard Energy is opposed to modern slavery and recognises the importance of taking relevant ESG considerations into account in its procurement decisions. Lochard Energy is also committed to taking measures to improve its knowledge of its supply chain and development of its procurement practices to help combat modern slavery.

In its first year of complying with the Act, Lochard Energy undertook an initial assessment of the extent to which it may cause, contribute to, or be directly linked to modern slavery in its operations or supply chain, as described below:

- **Operations:** an assessment by Lochard Energy management of modern slavery risks in Lochard Energy's own operations; and
- **Supply Chain:** an internal risk assessment of Lochard Energy's high spend (at least \$50,000 spend on average over the prior three years) 'ongoing business' suppliers (**High Spend Suppliers**) (who accounted for approximately 60% of Lochard Energy's annual procurement spend in recent years, excluding project-specific spend) against the indicators suggested by the "Commonwealth Modern Slavery Act 2018, Guidance for Reporting Entities", as well as the products category and geographical locations prone to modern slavery as per findings of the "US Department of Labour's 2018 List of Goods Produced by Child and Forced Labour" and the "Global Slavery Index (GSI)".

As part of our commitment to further understand Lochard Energy's exposure to modern slavery risks in our supply chain, in the current reporting period, Lochard Energy went on to undertake various activities to assess and better understand its modern slavery risk, including:

- conducting a survey of Lochard Energy's High Spend Suppliers to further understand Lochard Energy's modern slavery exposure risk and to understand our suppliers' supply chains;
- conducting training of the Lochard Energy Boards, Lochard Energy Management Team and procurement functions on modern slavery risks and seeking feedback on Lochard Energy's modern slavery risk exposure during those sessions; and
- responding to surveys from certain Lochard Energy customers as to Lochard Energy's management of modern slavery risk, which required us to continue to assess and monitor our modern slavery risk exposure in order to appropriately respond.

These actions were undertaken as part of Lochard Energy's commitment to continuing to identify, assess and mitigate potential areas where modern slavery risks could exist in our supply chain.

The ongoing work to respond to the requirements of the Act is managed by the Lochard Energy internal modern slavery working group, which was formed in the prior reporting period and is comprised of representatives from Lochard Energy's Procurement and Business Processes functions (who report to the CFO) and the General Counsel (who reports to the CEO).

3.2 Operations

In terms of its operations at the Iona Gas Facility, the relatively small size of the organisation (based on employee numbers) means Lochard Energy's operations risk for modern slavery can be quite readily assessed.

Lochard Energy does not operate in an industry or sector considered high risk for modern slavery, nor does it have high product/services risk based on the goods and services it sources or entity risk due to the types of suppliers it engages with.

Lochard Energy considers there to be negligible risk of modern slavery practices in Lochard Energy's own operations. This is due to the operations being solely Australian-based, with workers being largely highly-skilled, in a sophisticated industry, engaged under appropriate employment contracts or contracting/consulting arrangements and located in two well-managed locations which have high standard working conditions (being the Iona Gas Facility and the Southbank head office).

3.3 Supply Chain

Lochard Energy's key areas of procurement and its supply chain are outlined in section 2.3.

In relation to Lochard Energy's supply chain, to the extent that there may be potential risks of modern slavery practices, these are considered most likely to fall within two key categories:

- industries where certain work may be outsourced offshore by our suppliers (including for corporate and support services); and
- where equipment is sourced from certain countries, including in Asia, which have a higher geographic modern slavery risk. (Noting that this risk may be somewhat mitigated by the highly technical and specific nature of the equipment that Lochard Energy sources, requiring highly specialised suppliers.)

The findings of Lochard Energy's internal risk assessments in the current and prior reporting periods (outlined in section 3.1) suggest that the likelihood of modern slavery in Lochard Energy's supply chain is not at the higher end of the risk spectrum. As part of these assessments, Lochard Energy has considered the impact of the COVID-19 pandemic and does not consider the pandemic has had a material impact on Lochard Energy's modern slavery risk in its supply chain, in particular due to the largely sophisticated nature of the items Lochard Energy sources.

Lochard Energy will continue to monitor and assess its modern slavery risk to continue to understand the potential risk in its supply chain and the extent of exposure.

4. Actions Taken to Assess and Address Modern Slavery Risks

Lochard Energy has a number of policies and procedures in place which are relevant to the assessment and mitigation of modern slavery risks, including the following:

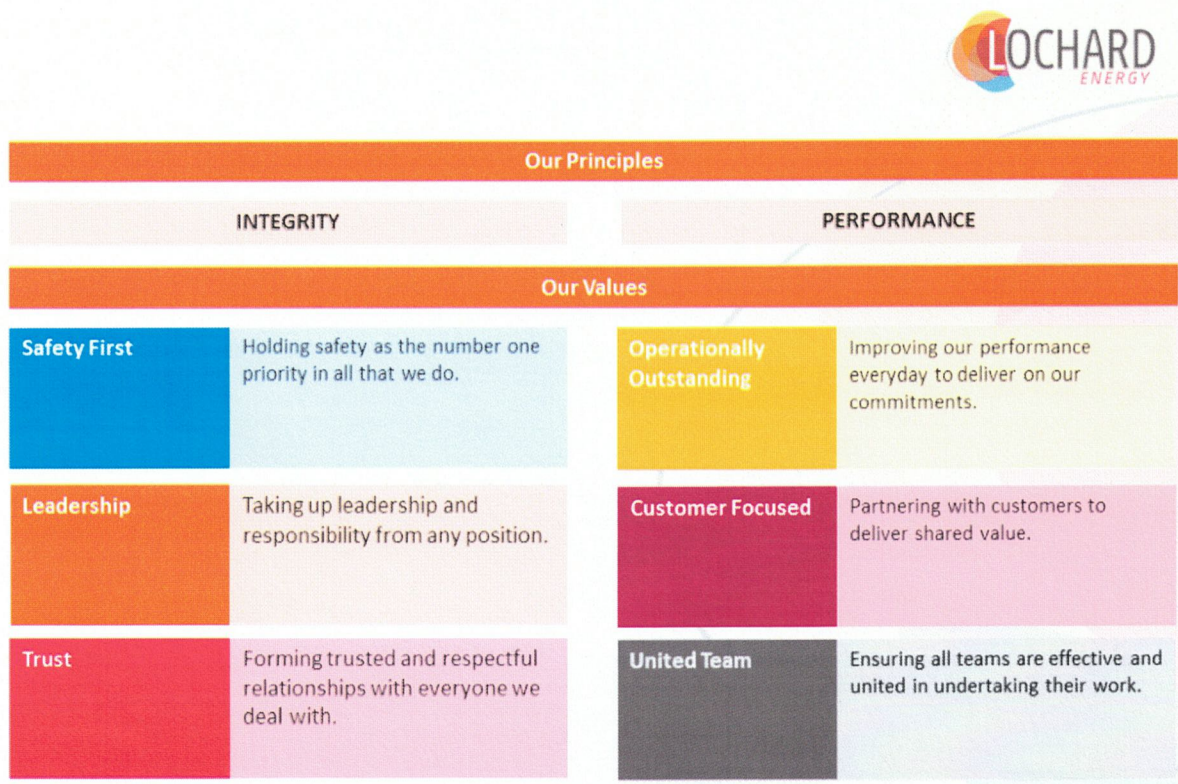
4.1 Risk Management Approach

Lochard Energy places considerable importance on effective risk management and has adopted a risk management approach for the oversight and management of material business and operational risks. Lochard Energy's risk management approach is designed to proactively identify, assess and manage risks.

Our risk management approach is considered annually by the Audit and Risk Committee and the Board of the relevant Lochard Energy entities, and 'modern slavery' risk is captured in our Corporate Risk Register. Lochard Energy's Management Team reports regularly to the Audit and Risk Committee and the Board of the relevant Lochard Energy entities on key operational and strategic risks.

Further, Lochard Energy has included the management of modern slavery risk under the remit of its Risk Monitoring Committee, made up of members from the Risk, Procurement, Legal & Regulatory, Operations, and Business Processes teams, which provides input to Lochard Energy's Management Team.

4.2 Our Values



At Lochard Energy, our principles and values guide our decision-making and behaviours that reflect our commitment to our customers, the community and each other. We are committed to conducting our business with honesty, integrity, in accordance with high legal and ethical standards, and with respect for each other and with those whom we do business.

Lochard Energy has a Code of Conduct that aims to promote and strengthen our reputation by establishing a standard of performance, behaviours, professionalism and integrity for all of our people

with respect to their conduct. Employees are encouraged to report matters or behaviours that they believe to be in contravention of Lochard Energy's Code of Conduct, policies or the law.

Lochard Energy employees and contractors also have direct access to senior managers to share any concerns or feedback on work practices, as well as the opportunity to report any concerns anonymously through our whistleblowing hotline (which is managed by an external third party provider).

These processes have not identified any modern slavery issues in Lochard Energy's operations or supply chain to date, and we will continue to monitor this.

In the reporting period, Lochard Energy has made significant progress in its assessment and mitigation of modern slavery risk. In particular, we have put the following measures in place and conducted the following activities during the year:

4.3 Update of Supplier Contracting Terms

Lochard Energy revised its standard purchase order terms and conditions and its suite of supply and services contract template agreements to support the management of modern slavery risk through its supply chain. These revisions will require suppliers to comply with modern slavery laws and Lochard Energy's modern slavery policies and procedures, and to implement an appropriate system to ensure compliance. The revisions will also require suppliers to notify Lochard Energy of any modern slavery non-compliances. These updated terms have been rolled out across the Lochard Energy business and provide the framework for Lochard Energy to source its key procurement needs going forward.

4.4 Training and Communication

In the reporting period, the Boards of the relevant Lochard Energy entities, the Lochard Energy Management Team and employees involved in procurement and contractor management received training on the obligations under the Act and to increase understanding of potential modern slavery risks.

A Lochard Energy-wide communication was also made available to all employees to increase awareness of modern slavery risks and Lochard Energy's obligations under the Act.

4.5 Supplier and Customer Questionnaires

As outlined in section 3.1, during the reporting period, Lochard Energy conducted a survey of its High Spend Suppliers with the aim of increasing its understanding of its modern slavery risk exposure. Responses were received from 55% of survey recipients (accounting for 50% of Lochard Energy's procurement spend). In addition, Lochard Energy worked with certain suppliers to increase awareness of the responsibilities of Lochard Energy and other reporting entities under the Act.

Lochard Energy also responded to surveys from a number of its customers in relation to the modern slavery risk in Lochard Energy's own operations and supply chain.

4.6 Road Map

Lochard Energy is committed to continuing to improve its practices and relevant policies and procedures to help assess and address modern slavery exposure in its operations and supply chain. To this end, we have developed a road map to capture our ongoing approach to understanding and addressing modern slavery risk. As part of this approach, we will continue to:

- carry out our risk-based approach to risk assess our suppliers with the focus being on identifying and assessing potential areas of higher exposure to modern slavery risk in our supply chain;

- consider the development of policies and processes as necessary to incorporate requirements under the Act and increase the emphasis on assessing and taking mitigation steps in relation to potential modern slavery risks;
- conduct internal inquiries to help to identify, assess and minimise the risk of modern slavery and track the impact of our risk mitigation activities; and
- work with key stakeholders and suppliers to increase awareness and maintain focus on the requirements of the Act.

Some of the specific actions planned for the next reporting period are:

- continue to analyse and understand our modern slavery risk exposure based on the survey results received from High Spend Suppliers;
- investigation of suppliers with potentially higher exposure to modern slavery risk, including goods and services for which Lochard Energy's suppliers outsource (including for corporate and support services);
- the development of a Supplier Code of Conduct. This is intended to become an integral part of Lochard Energy's procurement policy to assist employees and contractors to identify, assess and mitigate potential areas where modern slavery risks could exist within our supply chain; and
- the incorporation of a modern slavery training module into Lochard Energy's broader employee training framework.

5. Describe how Lochard Energy assesses the effectiveness of actions taken

Lochard Energy has processes in place to consider the effectiveness of the steps it takes to identify and assess modern slavery risks in our operations and supply chain on an ongoing basis. These are outlined in section 4.1.

Lochard Energy's Management Team maintains oversight of Lochard Energy's modern slavery risks through our established policies and frameworks. Regular reporting to the Audit and Risk Committee and the Boards of the relevant Lochard Energy entities further supports this.

Lochard Energy will also revisit and reinvestigate our suppliers and supply chain periodically in order to confirm that earlier assessments of modern slavery risk remain current and any identified modern slavery risks are mitigated or addressed.

6. Describe the process of consultation with any entities that the reporting entity owns or controls

Lochard Energy (Iona Operations Holding) Pty Ltd (trustee for the Lochard Energy (Iona Operations Holding) Trust) has a number of other entities under its ownership and control, as described in section 2.1. Each of these entities is governed by a Board with identical membership and is led by the Lochard Energy Management Team. These entities use the same policies and processes, operate within the same business environment, and share suppliers. As such, this statement reflects the perspectives of the various Lochard Energy entities under the control or ownership of the reporting entity, satisfying the consultation requirement in relation to the development of this statement.

7. Include any other relevant information that the reporting entity considers relevant

Lochard Energy does not consider there to be additional information that needs to be included in this statement.

This statement was approved by the Board of Lochard Energy (Iona Operations Holding) Pty Ltd (in its own capacity and as trustee for the Lochard Energy (Iona Operations Holding) Trust), and the Board of each of the other companies described in section 2.1 of this statement, on 26 November 2021.



Peter Lowe

Chairman of the Lochard Energy Boards

Date: *7 December 2021*