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About This Statement

This is the Lucas Group's fifth Statement made under the Australian Modern Slavery Act 2018. This statement covers AJ Lucas Group Limited (ACN 060 309 104) and its Relevant Subsidiaries, as listed below (together referred to as "Lucas"), for the financial year ending 30 June 2024. It has been approved by the AJ Lucas Group Limited Board of Directors as the parent entity of all Relevant Subsidiaries, in compliance with the Modern Slavery Act 2018 (Cth) on 22 *November 2023*. The following is a list of subsidiaries ("Relevant Subsidiaries") covered by the statement:

- 1. AJ Lucas Operations Pty Ltd ACN 087 777 633
- 2. Lucas Engineering & Construction Pty Ltd ACN 159 594 180
- 3. Lucas Shared Services Pty Ltd ACN 087 777 571
- 4. Lucas Drilling Pty Ltd ACN 093 489 671
- 5. Lucas Contract Drilling Pty Ltd ACN 120 778 654
- 6. Jaceco Drilling Pty Ltd ACN 078 318 859
- 7. Geosearch Drilling Services Pty Ltd ACN 052 402 481
- 8. Mitchell Drilling Corporates Pty Ltd ACN 117 060 732
- 9. McDermott Drilling Pty Ltd ACN 000 819 536

Introduction

AJ Lucas Group Limited does not accept any form of modern slavery in its business operations or supply chain and is generally opposed to all forms of modern slavery. Modern slavery is a term used to describe situations where coercion, threats or deception are used to seriously exploit victims and undermine or deprive them of their freedom, and includes:

- a) Slavery
- b) Servitude
- c) Forced marriage
- d) Forced labour
- e) Debt bondage
- f) Deceptive recruiting for labour or services
- g) Worst forms of child labour (situations where children are subjected to slavery or similar practices, or engaged in hazardous work)

It is estimated by the United Nations (UN) and the Walk Free Foundation that in 2021 there were approximately 49.6 million victims of modern slavery around the world an increase of 10 million people since 2016. With an estimated 11M people in India, 5.6M people in China, 2.6M people in North Korea and 2.3M people in Pakistan. The countries estimated to have the highest prevalence of modern slavery tend to be conflict -affected, have state-imposed forced labour and weak governance.

We recognise that that UN Guiding Principles are the recognised global standards for addressing and preventing human rights harm within business and have referred to these standards and the Commonwealth Modern Slavery Act 2018 standards in developing our policies and collating this statement.

This is AJ Lucas's fifth published Modern Slavery Statement in accordance with the requirements of the Modern Slavery Act 2018 (Cth) and sets out the steps we have taken to assess and manage the risk of modern slavery in our operations and supply chains.



FY24 Highlights

During the year, we continued to:

Increase our understanding of modern slavery risk

- 100% of our 343 Australian based employees (as at 30 June 2024) of the Group have completed training on Modern Slavery Risks. All new employees will continue to complete training as part of our onboarding process.
- We continued to map out and assess modern slavery risks within our supply chain and have carried out further investigations to understand our tier 1 (direct) suppliers and gain visibility into their supply chains.
- We continue to strengthen our supplier onboarding process, including the assessment and approval process of new suppliers.
- We engaged with suppliers that we have identified as potential high risk and requested completion of our Supplier Self-Assessment with 52% of Questionnaire's returned.

Developed policies and processes

- We continued to develop our Supplier Risk Matrix to incorporate our learning.
- We are developing our finance software to incorporate Modern Slavery information gathered from our supplier due diligence to enhance and automate our abilities to track and report.
- We have learned that we are, at times, are unable to enforce suppliers to accept our Supplier Code of Conduct, this is usually because they have equivalent policies of their own in place. In these instances, we review the supplier's code of conduct and/or policies to ensure they align materially with the expectations and requirements set out in Lucas' Supplier Code of Conduct. When appropriate, we agree with these suppliers that both parties will agree to comply with an equivalent code of conduct or policies

Our Business and Supply Chains

Our Business

Lucas 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, predominantly through our investment in Cuadrilla Resources Holdings Limited, a UK domiciled Oil & Gas exploration entity.

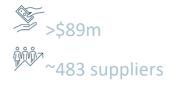
We provide these services utilising a workforce of employees and goods and services obtained from contractors and suppliers. We have identified parts of our supply chains that could indirectly contribute to modern slavery practices through manufacturers, repairers, resellers, and could also include indirect 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 our Brisbane head office with regional facilities strategically located in Moranbah near our key customers operations in Queensland. Our Australian operations, including head office staff, number approximately 350 employees which fluctuates with the level of drilling work. We also have investment in exploration licenses in the UK.



Our Suppliers



In FY2024, we spent over AUD\$89M on goods and services from approximately 483 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.

The goods and services we utilise are predominantly for maintaining our plant and the purchasing of consumable items used in our drilling operations. These include goods and services from a wide range of categories including:



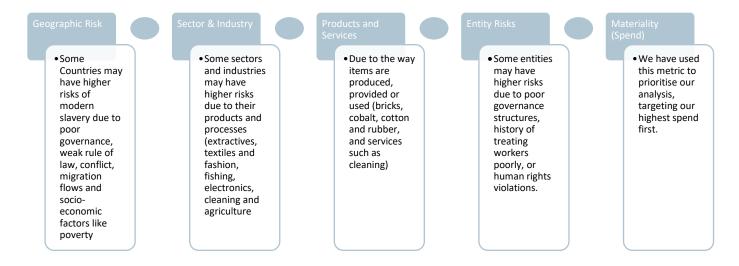
We source these goods and services from suppliers via standard terms and conditions on our Purchase Orders and multiyear, large value fixed term contracts. Our procurement team is a centre led model and is primarily driven by demands of our customers.

Our Modern Slavery Approach

We have continued to refine our risk assessment and mitigation strategies.

Risk Assessment

Given the prevalence of modern slavery globally, Lucas acknowledges that modern slavery practices may be present in its supply chain. In FY24 we have used the following risk factors to undertake our risk assessment of our supply chain:



Walk Free's Global Slavery Index's Importing Risk Analysis provides a high-level indication of how we may contribute to modern slavery not through exploitation occurring within our own borders but by the goods that we import.



https://www.walkfree.org/global-slavery-index/map/#mode=data:dimension=i:compare-country=AUS Australia imports \$17 billion dollars' worth of electronics, garments, textiles, fish and solar panels.

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

Remote Accommodation

We recognise that there is a risk we may inadvertently contribute to modern slavery practices in this area. Our staff and contractors often stay in remote accommodation. The accommodation is usually catered, and rooms are cleaned regularly. Lucas have identified that 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.

One of two of our key suppliers in this area is required to lodge an annual Modern Slavery statement. This supplier has identified exposure within their supply chain in the areas of certain food supply, maintenance and construction services, harvested commodities (such as coffee, tea and cocoa beans), laundry, linen and non-food consumables. Further, labour shortages during the reporting period resulted in reliance on labour hire companies many of which employ migrant workers. They have responded with various mitigations, including the employment of specialist migration and recruitment professionals to collaborate directly with labour hire companies and monitor adherence to appropriate anti-slavery practices. We will continue to undertake monitoring and further evaluation of these risks and the results of actions taken.

We have engaged with our other key supplier that provides us with remote accommodation, and we will aim to progress this further in the next year.

Electronics

The entire electronics industry is recognized globally from various sources as an industry at high-risk of Modern Slavery practices. There have been reported 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 inadvertently contribute to modern slavery practices through purchases of computers and mobile phones.

We purchase mobile phones and electronic equipment from several suppliers. We are continuing our investigations in understanding our tier 1 suppliers in this industry.

Last year we identified that one of the largest suppliers in the industry is required to lodge an annual Modern Slavery statement which we have continued to review in order to monitor their progress.

In FY23 they did not identify any instances of Modern Slavery in their operations or supply chain. They did however, identify some labour practices that gave cause for concern in their tier 2 supplier's call centres. These concerns were raised following the distribution of anonymous worker voice surveys throughout the call centres. Results of these surveys identified some areas of concern in relation to wages, working hours and grievance mechanisms. The supplier managing these call centres has agreed to review staff rostering practices, perform clarity around salary benchmarking, and education sessions for team leaders on grievance handling. Identifying these issues demonstrates that the supplier's processes are effective, and they are taking remediation actions.

Last year we mentioned that our supplier had a third-party conduct visits with tier 2 suppliers (SIM card manufacturers) and tier 3 suppliers who manufacture mobile phone cases in China and Taiwan. In both cases critical findings were identified, corrective action plans were agreed. This supplier has admitted to having challenges in closing out a number of the outstanding findings from these audits. They continue to pursue their resolution including, engaging with the relevant Tier 1 and Tier 2 suppliers to influence resolution.

Lucas have engaged with other suppliers identified as high risk in this industry in the form of Self-Assessment Questionnaires. The completed Questionnaires we have received indicate the presence of reasonable policies, procedures and governance. We recognise that this is a high-risk industry and an area that requires further engagement with suppliers.

Garments

We recognise that garments, including Personal Protective Equipment ("PPE") are often produced in countries with higher risks of modern slavery. We have continued to find that due to the complex nature of these supply chains, visibility beyond our immediate suppliers is difficult. We understand that this causes a risk where we may inadvertently contribute to Modern Slavery. There is a risk that the garments we purchase are manufactured from raw materials, such as cotton, that are from areas where workers are subjected to modern slavery.



Our preferred PPE supplier is an Australian company trading in Australia and New Zealand. They published their first annual Modern Slavery Statement in 2022 and have identified potential high risks in their supply chain due to their manufacture and distribution of apparel and footwear and requirement of the use of agricultural commodities such as cotton. They acknowledged that during covid they were unable to travel internationally to conduct physical audits on their production factories and have implemented SMETA (Sedex Members Ethical Trade Audit) which is an ethical audit methodology. During the last statement the supplier had noted that they had partnered with amfori BSCI which is a social audit programme who look to continuously improve social performance of suppliers and enhance working standards based on the International Labour Organisation and Universal Declaration of Human Rights. They conduct regular announced and unannounced audits of the Supplier's factories. Audits have reported that pay and working conditions are above the requirements by law, and there have been no breaches in the Modern Slavery protocols or safety policies.

Unfortunately, this supplier has not yet published an updated Statement for FY23. However, we are continuing our engagement with this supplier. They have completed a self-assessment questionnaire which has confirmed the presence of established policies and governance and they have indicated that they have a moderate understanding of their supply chain.

Rubber products

Last year we identified that rubber products were an area where we may contribute to modern slavery due to our requirement for rubber made equipment such as hoses. Rubber is generally produced in countries where there is a higher risk of modern slavery practices, including but not limited to child labour.

During FY24 we engaged with all of our hosing suppliers and each supplier completed self-assessment questionnaires. We were encouraged by the proactive response of our suppliers in this industry and the presence of their governance and evident policies in this area. The suppliers were actively working to understand their supply chains and one had formed a working group to coordinate, assess and address risks across their operation and supply chain. This group reports quarterly to the company CEO and /or Board on his operations and activities.

Extractions

Many of our clients are large global companies who are involved in the extraction, production and processing of minerals and metals and energy products for sale. They mine and beneficiate minerals across a range of commodities (including, coal, copper, cobalt, nickel, zinc, lead and ferroalloys) across many countries. Many of which have been identified as high risk by the Walk Free 2023, Global Slavery Index 2023. (Available from: https://www.walkfree.org/global-slavery-index/).

As part of our commitment to understand how we may contribute to Modern Slavery through our operations, we are dedicated to understanding our clients. Our contracts with our major clients contain clauses requiring mutual acknowledgement of the risks of Modern Slavery and affirm the commitment of both parties to minimising and mitigating those risks.

This year we have continued to monitor our clients progress by conducting desktop analysis audits to understand their commitment and the progress they are making in identifying risks in their supply chains.

Due Diligence

During the last financial year we further engaged with our suppliers by sending out Self-assessment Questionnaires to those suppliers we identified as "high risk". We have engaged with all of these suppliers and are working with them to increase responsiveness and compliance over time.

The Questionnaires have helped us to understand where our suppliers operate, source materials and identify what policies and procedures / governance they have in place.

The challenge has been obtaining thorough responses from small businesses who are not obligated to report on Modern Slavery. We have continued to engage with these suppliers and whilst we have not identified any actual or suspected modern slavery practices, we understand that a risk of modern slavery exists.

We have been impressed with the response of the majority of our suppliers. Most show good governance and at least a "developing" to "moderate" understanding of their supply chains. Through FY25 we intend on further improving our Questionnaire and tracking the progress our suppliers are making in understanding and analysing their supply chains. This will include more targeted focus on how suppliers are gaining visibility, ie desk top audits, third party auditors, on-site audits and/ or Questionnaires. We will also further develop our mitigated risk matrix and procedures around the actions that are required once suppliers have returned their completed questionnaires.



1. We have Identified, assessed, and implemented ongoing mitigations 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 developed standard clauses which are incorporated in our high value supplier contracts.
- c) As a condition of our supplier approval and onboarding process, all prospective suppliers are required to agree to our Supplier Code of Conduct ("SCOC") (or agree to abide by an equivalent Code of Conduct). The SCOC details our expectations of suppliers and contractors in the areas of ethical business practices; labour and human rights; and Safety, Health, Security, Environment and Community. The SCOC is available on our website.
- d) All of our Contracts with our client's contain standard clauses which require the client to, at a minimum, acknowledge their Modern Slavery risk, commit to minimising and mitigating such risks and reporting obligation in the event risks are realised.

2. We have enhanced our understanding and capabilities

It is crucial that we train our employees to identify and address the risks of modern slavery practices. As reported in our previous Modern Slavery Statement, training material was and rolled out to all existing Australian based employees of Lucas to ensure there was an acceptable level of awareness of Modern Slavery risk and of our policies to mitigate the risk of Modern Slavery across our organisation. This training has been incorporated in the employee onboarding process for all new recruitment in the future. To date 100% of our employees have undergone Modern Slavery Risk training.

3. We have a Mechanism for raising grievances

We have a Whistleblower Policy. This policy includes a comprehensive mechanism for employees, contractors and third parties to raise a grievance, which will be expanded to explicitly including potential instances of modern slavery and human rights abuses, suspected or actual illegal activity and breaches of Company policy.

Assessing the Effectiveness of our Actions

We will continually assess our effectiveness of identifying modern slavery risks 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.
- c) Continuing to review our Supplier Risk Assessment annually for changes.
- d) Tracking actions we have undertaken to measure their impact. For example, Supplier Questionnaire responses/ outcomes and working with suppliers to monitor performance in relation to any remedial corrective action plans.

We consulted the relevant companies we own or control in the development of this statement. Lucas operates a Drilling operation in Australia with a Commercial Manager overseeing the procurement function across AJ Lucas Group Limited and its relevant subsidiaries, reporting to the Group's Chief Commercial Officer.



This statement is signed by Greg Runge in his role as the Chief Executive Officer of AJ Lucas Group Limited and each of the Relevant subsidiaries.

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Greg Runge
Group Chief Executive Officer

Date: 22 November 2024

