

PACIFIC ENERGY LTD

MODERN SLAVERY STATEMENT

FINANCIAL YEAR ENDED 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. Pacific Energy has prepared this statement in accordance with the requirements of the Act. This is Pacific Energy's first statement under the Act, relating to the financial year ended 30 June 2021.

This statement accords with Pacific 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;
2. Describe the structure, operations and supply chain of the reporting entity;
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;
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);
5. Describe how the reporting entity assesses the effectiveness of actions taken;
6. Describe the process of consultation with any entities that the reporting entity owns or controls;
7. Include any other information that the reporting entity considers relevant.

1. Reporting Entity

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

Pacific Energy's revenue surpassed \$100 million for the first time in the financial year ended 30 June 2021 and accordingly, Pacific Energy Ltd is required to report under the Act. This reporting entity in turn owns a number of wholly owned subsidiaries and references to 'Pacific Energy' in this statement refer to the activities and actions of the various Pacific Energy group entities described in section 2.1, taken as a whole.

2. Structure, Operations and Supply Chain

2.1 Structure

The reporting entity, Pacific Energy Ltd (ABN 22 009 191 744) owned 100% of the following subsidiaries as at 30 June 2021:

- Pacific Energy (KPS) Pty Ltd (ABN 92 134 226 056)
- Contract Power Australia Pty Ltd (ABN 081 538 258)

- Contract Power Assets Pty Ltd (ABN 624 940 683)
- Contract Power Land Pty Ltd (ABN 624 941 573)
- Waste Heat Recovery Systems Pty Ltd (ABN 60 129 115 644)
- Hybrid Systems Australia Pty Ltd (ABN 38 609 605 521)
- Hybrid Systems Enclosures Pty Ltd (ABN 30 636 191 305)
- Hybrid Systems Pty Ltd (ABN 29 609 605 987)
- Pacific Energy (Victorian Hydro) Pty Ltd (ABN 86 004 474 186)
- NovaPower Pty Ltd (ABN 44 119 925 334)

Pacific Energy Ltd has a Board of Directors, with the following sub-committees:

- Audit Safety and Risk subcommittee
- Sustainability and Integration subcommittee
- People, Culture and Remuneration subcommittee

The directors of Pacific Energy Ltd also serve on the Board of Directors of each Pacific Energy subsidiary entity.

Pacific Energy Ltd is 100% owned by a holding company, QGIF Swan Holdco Pty Ltd, which is in turn owned by the following entities:

- QGIF Co No. 2A Pty Ltd as trustee for the QGIF Security No.2 Trust
- QIC Investments No. 3 Pty Ltd as trustee for the Horizon Infra Trust No. 1
- QIC Investments No. 1 Pty Ltd as trustee for the QGIF Swan Co-invest No. 1 Trust
- QIC Investments No. 2 Pty Ltd as trustee for the QGIF Swan Co-invest No. 2 Trust
- QIC Infrastructure Management Pty Ltd as trustee for the QGIF Swan Co-invest No. 3 Trust

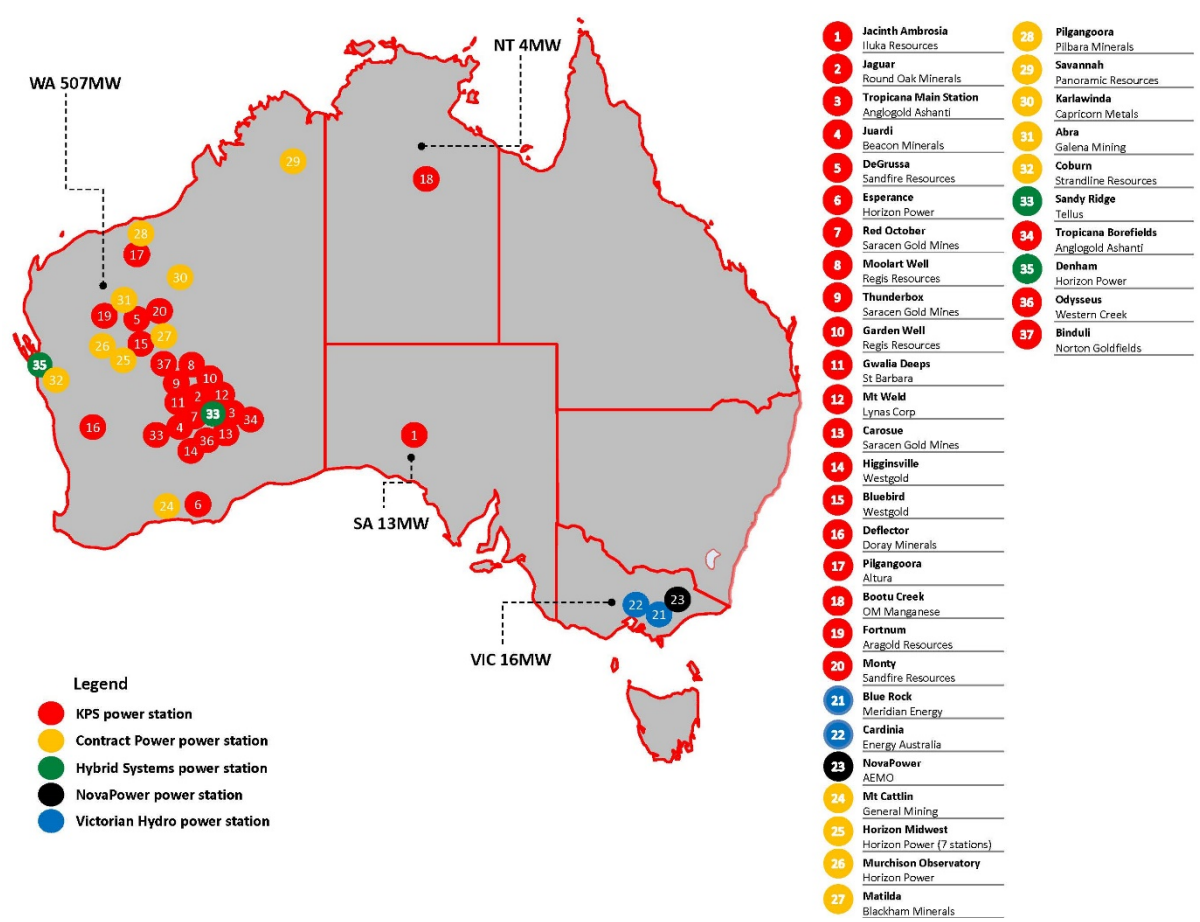
2.2 Operations

The key operational activities conducted by Pacific Energy are designing and building/installing power generation facilities, including thermal, renewable and energy storage facilities on the following basis:

- For own use – on a build, own, operate basis
- For third parties – on a design and install basis

As at the date of this statement Pacific Energy has close to 400 employees, all within Australia and with the majority in Western Australia.

Pacific Energy has office and workshop facilities in various locations in Western Australia and owns and operates close to 40 power generation facilities in Australia as shown below:



2.3 Supply Chain

Pacific Energy procures new, second hand and remanufactured OEM equipment, parts and accessories as well as other goods and services customary for a business of the scale and activity as Pacific Energy.

Products and services are sourced from over 3,300 suppliers globally, predominantly from within Australia, followed by Norway and the USA. A large proportion of our supply base comprises long standing suppliers who have worked with Pacific Energy to create supply chain synergies and stable partnerships.

There is a high concentration of supply from a small number of suppliers, with approximately 70% of spending since 1 July 2020 to 30 November 2021 comprising 36 suppliers, and 60% comprising only 12 suppliers.

3. Risks Of Modern Slavery In Pacific Energy's Operations And Supply Chain

3.1 Our Approach

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

Pacific Energy has undertaken 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 Pacific Energy Management of modern slavery risks in Pacific Energy's own operations; and

Supply Chain: an internal risk assessment of Pacific Energy's high spend 'ongoing business' suppliers (who accounted for approximately 70% of Pacific Energy's annual procurement spend since 1 July 2020) 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)".

The supply chain assessment included consideration of contractual arrangements with suppliers, expenditure data, undertaking an assessment of Pacific Energy's current relevant policies and procedures, and developing an internal working group to respond to the requirements of the Act.

3.2 Operations

In terms of its operations, the relatively small size of the organisation (based on employee numbers) means Pacific Energy's operations risk for modern slavery can be quite readily assessed. Pacific Energy considers there to be no risk of modern slavery practices caused by Pacific Energy's own operations. This is due to the operations being solely Australian-based with no offshore processing, with workers being largely highly-skilled, engaged under appropriate employment contracts or contracting/consulting arrangements and located in either well-supervised and modern locations or client mine sites.

3.3 Supply Chain

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

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

The findings of Pacific Energy's internal risk assessment in the reporting period (outlined in section 3.1) suggest that the likelihood of modern slavery in Pacific Energy's supply chain is not at the higher

end of the risk spectrum, however this is an area that Pacific Energy will continue to monitor and assess during 2021 and onward.

Particular focus will continue on solar panels produced from three major solar panel manufacturers. All three have been contacted and satisfactory responses have been received to Pacific Energy's specific enquiries concerning modern slavery related policies, practices and risks.

4. Actions Taken To Assess And Address Modern Slavery Risks

4.1 Policy

Pacific Energy has implemented a Code of Ethical Conduct under which the principles of probity and ethical behaviour govern the conduct of all corporate activities, including procurement. In July 2021, Pacific Energy implemented a Modern Slavery Policy which underpins its commitment to upholding human rights.

Pacific Energy also recognises the importance of whistleblowers in alerting the company to conduct posing a modern slavery risk. Pacific Energy has an established Whistleblower Policy and anonymous reporting hotline, which is available to all employees, contractors and their families.

The policies are available at www.pacificenergy.com.au.

4.2 Risk Management Approach

Pacific 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. Pacific Energy's risk management approach is designed to proactively identify, assess and manage risks.

Our risk management approach is considered at least annually by the Audit, Safety and Risk Committee and the Board of directors. The "modern slavery" risk will be added as a specific risk in the Corporate Risk Register. Pacific Energy's Management reports regularly to the Audit and Risk Committee and the Board of Directors on key operational and strategic risks.

Adopting a risk management approach, Pacific Energy has begun profiling its supply base using rankings from the following recognised sources:

- Geographical prevalence – "Estimated prevalence of modern slavery by country", Appendix 2, Part B, Table 4, Global Slavery Index 2018, Walk Free Foundation.
- Geographical vulnerability – "Vulnerability to modern slavery by dimension for 167 countries", Appendix 2, Part A, Table 14, Global Slavery Index 2018, Walk Free Foundation.
- Commodity risk – 2018 List of Goods Produced by Child, Labour or Forced Labour, US Department of Labour.

Pacific Energy will use these rankings to assign scores and categorise the supply base into three key categories: low, medium and high risk.

Pacific Energy will engage with suppliers in the high and medium categories using a detailed questionnaire to understand their businesses and modern slavery vulnerabilities more thoroughly.

Based on an initial review incorporating Pacific Energy's top 70% of suppliers by value of spend, one supplier (from China) has been identified as medium risk. This supplier, along with four other Chinese suppliers not included in the top 70% spend, have already been contacted and provided satisfactory responses to Pacific Energy's preliminary questions and furnished relevant documentation demonstrating awareness of and commitment to address modern slavery issues.

4.3 Our Values

At Pacific 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.

We are honest and forthright

We do the right thing and we build trust to build a better company.

We do our best to be the best

With smart, safe and innovative solutions, we set our own high standards and honour our commitment to delivering exceptional results.

We listen

We value all opinions and treat each other how we want to be treated ourselves.

We don't pass the buck

We have a can-do attitude and hold ourselves responsible for safely delivering exceptional results in all that we do.

We communicate

We communicate transparently and honestly – we share information, share mistakes and share victories.

Under Pacific Energy's Code of Conduct, which 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 Pacific Energy's Code of Conduct, policies or the law.

Pacific 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 email address. These processes have not identified any modern slavery issues in Pacific Energy's operations or supply chain to date, however we will continue to monitor this and will be placing increased emphasis on modern slavery risks within these existing processes in the future.

4.4 Supplier Obligation

As part of engaging with suppliers and using influence to mitigate the risk of modern slavery in the supply chain, Pacific Energy is developing new contract clauses, which require suppliers to:

Comply with Pacific Energy's Modern Slavery Policy and have adequate procedures in place to act against modern slavery aligned with Australian and recognised international standards;

Provide information about their labour practices and provide reasonable access to audit those practices; and

Communicate to their employees and their family members that Pacific Energy's Australian Whistleblower Policy and email hotline are available to them.

The new clauses will be implemented in all new supplier and subcontract agreements and Pacific Energy will seek to include these obligations in supply and subcontract agreements which come up for renegotiation.

As referred to under Section 4.2 Pacific Energy will engage with suppliers in the high and medium risk categories using a detailed questionnaire to understand their businesses and modern slavery vulnerabilities more thoroughly.

Lastly, Pacific Energy's Supplier Code of Conduct has been reviewed and requires amendment to incorporate specific references to our Modern Slavery expectations and requirements. All suppliers will then be furnished with a copy of the Code of Conduct.

4.5 Review of Policies

Pacific Energy has reviewed its various policies to determine where the incorporation of our expectations and requirements relevant to Modern Slavery are appropriate. As part of this process, we have completed a gap analysis and identified four internal policies to be updated to address modern slavery risks.

5. Describe How Pacific Energy Assesses The Effectiveness Of Actions Taken

Pacific Energy's Management will maintain oversight of Pacific Energy's modern slavery risks through our established policies and frameworks. Periodic reporting to the Sustainability and Integration Committee and the Board will further support this.

Pacific 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 And Entities That The Reporting Entity Owns Or Controls

Pacific Energy Ltd has a number of other entities under its ownership and control, as described in section 2.1 above. Each of these entities is governed by a Board with identical membership and is led by the Pacific 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 Pacific Energy entities and no further consultation is required.

7. Include Any Other Information That The Reporting Entity Considers Relevant

Pacific 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 Pacific Energy and the Board of each of the other companies described in section 2.1 of this statement on 17 December 2021.

A handwritten signature in black ink, appearing to read "Cliff Lawrenson", written over a horizontal line.

Cliff Lawrenson

Chairman