



Modern Slavery Statement

**Financial year ending
30 June 2023**

Lochard Energy's stance on modern slavery

Lochard Energy is opposed to modern slavery in all its forms and recognises the important role that business can play in helping to combat modern slavery. Our governance and risk management framework helps ensure our organisation takes a proactive approach to identifying and avoiding instances of modern slavery in our operations and supply chain.

The *Modern Slavery Act 2018* (Cth) (**Act**) came into effect on 1 January 2019 and Lochard Energy has reported under the Act since its inception. Lochard Energy will continue to take proactive measures to avoid causing, contributing to, or being directly linked to modern slavery practices. This is consistent with Lochard Energy's broader approach to taking sustainability, environmental, social, and corporate governance (**ESG**) factors into account in its operations and decision making.

Developments during the reporting period

In May 2023, the report from the statutory review into the effectiveness of the Act was tabled in Federal Parliament. The report contained 30 recommendations for amendments to the Act. The Federal Government is yet to announce which of the recommendations it will seek to implement. Lochard Energy is closely monitoring for legislative reform to the Act.

Lochard Energy notes that, in May 2023, the most recent "Global Slavery Index" was released by Walk Free (<https://www.walkfree.org/global-slavery-index/>). The index estimates that the number of people worldwide living in conditions of modern slavery on any given day increased from approximately 40.3 million in 2016 to 49.6 million in 2021. Although combatting modern slavery is a global and increasing challenge, Lochard Energy remains committed to doing its part to respond to the challenge.

About this document

This document is Lochard Energy's modern slavery statement for the purposes of the Act for the 1 July 2022 to 30 June 2023 reporting period. It addresses each of the following mandatory reporting criteria in the Act:

1. Identify the reporting entity (page 3);
2. Describe the structure, operations, and supply chain of the reporting entity (page 3);
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 (page 4);
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) (page 5);
5. Describe how the reporting entity assesses the effectiveness of actions taken (page 9);
6. Describe the process of consultation with any entities that the reporting entity owns or controls (page 10);
7. Include any other information that the reporting entity considers relevant (page 10).

1. Identification of the 'reporting entity'

Lochard Energy (Iona Operations Holding) Pty Ltd (ACN 608 441 041), as trustee for the Lochard Energy (Iona Operations Holding) Trust, is the 'reporting entity' that is required to prepare this modern slavery statement 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 entering into 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.

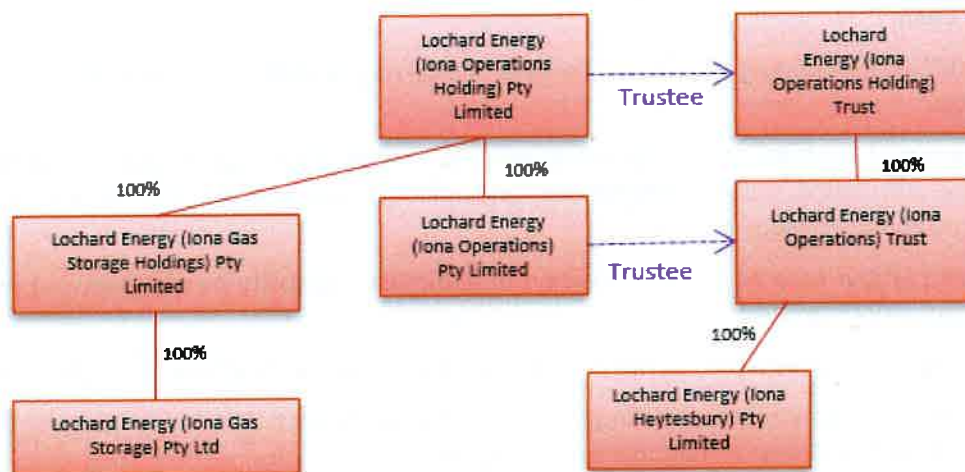
2. Description of the structure, operations and supply chain of Lochard Energy

2.1 Lochard Energy's structure

The reporting entity, Lochard Energy (Iona Operations Holding) Pty Ltd (ACN 608 441 041) (as trustee for the Lochard Energy (Iona Operations Holding) Trust), owns or controls the following Lochard Energy entities, also depicted in the corporate structure chart below:

- Lochard Energy (Iona Operations) Pty Ltd (ACN 608 441 729) (as 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).

Corporate structure chart



Each Lochard Energy company 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 Energy 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 at Level 10, 2 Southbank Boulevard, Southbank, Victoria.

2.2 Lochard Energy's operations

All of Lochard Energy's operations occur within Australia. Our two business locations are the Iona Gas Facility, near Port Campbell, Victoria and Lochard Energy's corporate headquarters in Southbank, Victoria.

The Iona Gas Facility 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. The key operations conducted at the Iona Gas Facility 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 Lochard Energy head office at Southbank in Melbourne is the principal business location for Lochard Energy's Management Team, corporate services (such as finance, risk, legal, procurement and human resources), as well as our commercial team and certain of our engineering and projects personnel.

The Southbank location also includes our Energy Developments division, which is involved with developing potential future low-emissions business activities for Lochard Energy in the electricity and transport sectors. These projects remain in the development phase and, in the 2022-2023 reporting period, did not expand Lochard Energy's supply chain.

2.3 Supply Chain

In the 2022-2023 reporting period, the Lochard Energy supply chain consisted primarily of procuring:

- services such as engineering, technical support, maintenance support and corporate and site services (including waste management, land management and security services, payroll and information technology services);
- contract labour services for the provision of additional capability or expertise and professional and consulting services;
- the supply of specialised equipment for the 'business as usual' operation of the Iona Gas Facility;
- specialised services and contracting teams to carry out projects relating to the potential longer-term capacity and role of the Iona Gas Facility; and
- clothing, footwear, and other PPE items (e.g. safety glasses, heat resistant gloves) and consumables that are involved in catering for an onsite workforce.

3. Description of the risks of modern slavery in Lochard Energy's operations and supply chain

3.1 Risks of modern slavery in Lochard Energy's operations

Lochard Energy considers there to be negligible risk of modern slavery practices in Lochard Energy's own operations. Factors supporting this assessment include:

- Lochard Energy is a relatively small organisation in terms of employee numbers;

- Lochard Energy's operations are solely Australian-based at two well-managed locations which have high standards of working conditions that can be readily overseen by all levels of management; and
- employees and contractors are largely highly-skilled, in a sophisticated industry, engaged primarily under direct employment contracts or direct contracting/consulting arrangements.

3.2 Risks of modern slavery in Lochard Energy's supply chain

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

To the extent that there may be potential risks of modern slavery practices, these are considered most likely to fall within two key categories:

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

Lochard's assessment

Lochard Energy has carried out an assessment of modern slavery risks in its supply chain against the indicators suggested by the "Commonwealth Modern Slavery Act 2018, Guidance for Reporting Entities May 2023", as well as the products category and geographical locations prone to modern slavery as per findings of the "US Department of Labour's List of Goods Produced by Child and Forced Labour" and the "Global Slavery Index (GSI)" (Walk Free, 2023). The findings of Lochard Energy's internal risk assessments suggest that the likelihood of modern slavery in Lochard Energy's supply chain is low.

4. Description of the actions taken to assess and address modern slavery risks

Lochard Energy has a multi-pronged approach to assessing and addressing modern slavery risks. This includes our corporate governance and risk framework, corporate values, and policies and procedures that help to identify and mitigate a broad range of risks, including modern slavery risk. We also carry out risk management measures that are specifically targeted at assessing and addressing modern slavery risks.

4.1 Lochard Energy's approach to governance, risk management and standards of operating

Risk management

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 at least annually by the Audit and Risk Committee and the Board of the relevant Lochard Energy companies.

Lochard Energy's Management Team reports regularly to the Audit and Risk Committee and the Board of the relevant Lochard Energy companies on key operational and strategic risks.

Lochard Energy has a working group (made up of members from the risk, procurement and legal teams), which provides input to Lochard Energy's Management Team on the management of modern slavery risk.

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 with whom we do business.

Code of Conduct

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 welcomes employees and contractors to share any concerns relating to work practices or potential instances of modern slavery within Lochard Energy's operations or supply chain to senior managers if they feel comfortable doing so.

Supplier Code of Conduct

Lochard Energy also has a Supplier Code of Conduct which articulates Lochard Energy's expectation that its suppliers conduct their operations to high legal and ethical standards. The Supplier Code of Conduct deals specifically with Lochard Energy's expectation that all workers in Lochard Energy's supply chain should be treated with dignity and respect and requires its suppliers to comply with the Act and not engage in or tolerate modern slavery.

The Supplier Code of Conduct is available on Lochard Energy's publicly available website. Suppliers who contract with Lochard Energy on our purchase order terms and conditions or using Lochard's preferred supply agreements have a contractual obligation to comply with modern slavery laws and Lochard Energy's modern slavery policies and procedures, and to implement an appropriate system to ensure compliance.

Whistleblower Policy

Lochard Energy has a Whistleblowing Policy which is available on its intranet and publicly available website such that it can be readily accessed by Lochard employees and contractors and third parties (such as customers and suppliers). Whistleblowing laws are intended to help uncover and deter wrongdoing. Lochard Energy encourages whistleblowers to utilise whistleblower mechanisms, including our independent external whistleblowing hotline, for any potential wrongdoing that relates to modern slavery, if they do not feel comfortable reporting modern slavery concerns through other forums.

4.2 Lochard Energy's targeted modern slavery risk assessment activities

In the 2022 – 2023 reporting period, Lochard Energy completed each of the targeted continuous improvement actions it committed to carry out, as detailed below.

Modern Slavery Act review

A statutory review into the effectiveness of the Act was carried out over a 12-month period up to March 2023. The Report from the review was tabled in Federal Parliament in May 2023. The Report was comprehensive and made a large number of recommendations for amending the Act. It is not yet known which of the recommendations the Federal Government will seek to implement via legislative amendment and the Lochard Energy working group continues to monitor Government, non-government, business and industry commentary.

Supplier questionnaires

Since the 2019 – 2020 reporting period, Lochard Energy has undertaken modern slavery risk analysis by requesting certain of its suppliers to complete Lochard Energy's Modern Slavery Supplier Questionnaire. This activity was designed to increase our understanding of any potential modern slavery risk in Lochard Energy's supply chain. The categories of suppliers who were requested to complete the questionnaire in prior years were:

- suppliers with a spend of at least \$50,000 on average over each of the prior three years;
- suppliers considered to have a greater risk of modern slavery exposure because of the type of products they supply or their country of operation; and
- suppliers who are known to outsource their services.

In the 2022-2023 reporting period, Lochard Energy further developed this supplier analysis by expanding the reach of its Supplier Questionnaire to capture suppliers with a spend of at least \$40,000/year on average over each of the prior three years (excluding one-off suppliers). This resulted in us requesting an additional 39 suppliers to complete the questionnaire, bringing the total number of suppliers that we have requested to complete the survey to 114 (over a three-year period) with an overall questionnaire response rate of approximately 61% over three years.

Summary of supplier questionnaire responses

Response rate 61.4%

(over three-year period)



Our review of the most recent questionnaire responses did not give rise to any apparent modern slavery concerns.

Supplier 'deep dive' analysis

We conducted 'deep dive' analysis of 19 suppliers who, based on survey responses in prior reporting periods, we considered may be of higher modern slavery risk either because of the location of their operations or, in supplying good/services to Lochard Energy, they procure goods or services from higher risk locations.

This was important work to help us more deeply understand a key aspect of our modern slavery supply chain risk profile. The analysis involved:

- **Fair Supply Tool Assessment:** Utilising the modern slavery risk assessment tool carried out by the independent 'Fair Supply' organisation which resulted in very low "estimated slave" numbers in Lochard Energy's supply chain; and
- **Detailed Reviews:** A detailed manual assessment by our internal working group of the relevant suppliers' survey response. This resulted in us identifying a small number of suppliers (6 in total) who it appears may benefit from greater awareness of modern slavery, largely due to them themselves not having obligations under the Act. We will build on this work in the next reporting period.

Industry engagement and procurement practices

In the 2022-2023 reporting period:

- **EPSA:** Lochard Energy joined the Energy Procurement Supply Association (EPSA), a not-for-profit group of energy industry procurement and supply professionals.

Participation in this group helps facilitate Lochard Energy staying abreast of modern slavery developments and best-practices, particularly in relation to Lochard Energy's Energy Developments projects.

- **Procurement processes:** Lochard Energy carried out a review of its procurement procedure and tendering process to explicitly include modern slavery risk as a factor in determining its procurement decisions.

Commitment to continuous improvement

To support Lochard Energy's commitment to identifying and combatting modern slavery risks, Lochard Energy has an internal working group (including personnel with legal and procurement expertise), led by the General Counsel, that leads its modern slavery risk activities. We intend for this group to be joined by personnel with risk and ESG expertise in the next reporting period.

The working group monitors best practice guidelines, remains apprised of relevant publications and seminars, meets frequently throughout each reporting period, and reports annually to Lochard Energy's Audit and Risk Committee.

2023-24 Reporting Period

In the next reporting period, Lochard Energy plans to undertake the following activities in relation to continuing to assess and respond to modern slavery risk:

- **Monitor Modern Slavery Act Review:** We will continue to monitor developments in relation to the Federal Government's response to the statutory review of the Act, including any proposed amendments to the Act which may impact on future year's reporting and due diligence or other activities;
- **Reconsider our Supplier Questionnaire:** We will review our existing supplier questionnaire and the role that any questionnaire will play in Lochard Energy's modern slavery risk identification actions going forward (including having regard to the interplay between the questionnaire and our Supplier Code of Conduct and procurement processes);
- **Engage with Certain Suppliers:** The results from our supplier deep-dive analysis identified a small number of suppliers who may benefit from a greater awareness of modern slavery risk and identification. We will seek opportunities to engage with those suppliers to help increase awareness of modern slavery risks among our supplier group; and
- **Supplier Due Diligence and Tendering Processes:** We will consider opportunities to deepen our supply chain due diligence systems and processes in targeted areas relating to any feasible material modern slavery risk areas in the Lochard Energy supply chain. This work is expected to initially include ensuring modern slavery risk has a prominent role in tendering and procurement associated with Lochard Energy's proposed Energy Developments projects.

Lochard Energy notes that a requirement for reporting entities to have stronger due diligence frameworks (and the potential for penalties for a failure to have or comply with such a framework) was one of the more high-profile recommendations arising from the statutory review into the effectiveness of the Act and Lochard Energy aims to mature its due diligence work accordingly.

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

Lochard Energy's modern slavery working group is tasked with assessing the effectiveness of its activities that are aimed at identifying and mitigating modern slavery risk. Some of the tools used in its assessment in the current reporting period have included:

- An internal appraisal of Lochard Energy's approach to modern slavery statements and its modern slavery risk identification activities against guides published by Australian Border Force and groups such as the Australian Council of Superannuation Investors, and issues papers released in connection with the statutory review of the Act. That appraisal suggests that Lochard Energy is performing well having regard to the size of our organisation and nature of our operations; and

- Monitoring of the level of engagement of suppliers with Lochard Energy's supplier survey process. With a total response rate of approximately 61% from suppliers who have been asked to complete our modern slavery survey over the past three reporting periods, Lochard Energy is pleased with its results in this regard.

Lochard Energy's Management Team also 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.

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

Lochard Energy (Iona Operations Holding) Pty Ltd (as trustee for the Lochard Energy (Iona Operations Holding) Trust) has a small 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 a single 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 30 November 2023.



Peter Lowe

Chairman of the Lochard Energy Boards

Date: 30-11-23