



Modern Slavery Statement

**Financial year ending 30 June
2022**

Lochard Energy's approach to 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 goes beyond a 'set and forget' 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 is now in its third year of compliance with the Act. 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.

The Act includes a statutory review provision that requires the effectiveness of the Act to be reviewed within three years of its operation. That review commenced on 31 March 2022 and, as at the date of this document, is ongoing.

About this document

This document is Lochard Energy's modern slavery statement for the purposes of the Act. It relates to the 1 July 2021 to 30 June 2022 reporting period and 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 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. Identification of the 'reporting entity'

Lochard Energy (Iona Operations Holding) Pty Ltd, as trustee for the Lochard Energy (Iona Operations Holding) Trust, is a '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 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) (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).

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 operational activities 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 operational activities 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, of themselves, do not expand Lochard Energy's supply chain.

2.3 Supply Chain

In the 2021-2022 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 under direct employment contracts or direct contracting/consulting arrangements (rather than sub-contract or labour hire 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:

- industries where certain work may be conducted or outsourced offshore by our suppliers (including for corporate and support services); and
- 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 Energy has carried out an assessment of modern slavery risk in its supply chain 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 List of Goods Produced by Child and Forced Labour" and

the "Global Slavery Index (GSI)". The findings of Lochard Energy's internal risk assessments suggest that the likelihood of modern slavery in Lochard Energy's supply chain is at the lower end of the risk spectrum.

In prior reporting periods, Lochard Energy considered the impact of the COVID-19 pandemic on modern slavery risk in its supply chain and did not consider the pandemic to have had a material impact. Having again considered the potential impact of the pandemic on its supply chain and the pandemic abating in the current reporting period, Lochard Energy's assessment is unchanged.

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. Lochard Energy's tools in this regard include 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 annually by the Audit and Risk Committee and the Board of the relevant Lochard Energy companies, 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 companies on key operational and strategic risks.

Lochard Energy has also included the management of modern slavery risk under the remit of its Risk Monitoring Committee, made up of members from the risk, procurement, legal, and operations teams, which provides input to Lochard Energy's Management Team.

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.

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 own operations or its supply chain to senior managers if they feel comfortable doing so.

Whistleblower Policy

In the 2021-2022 reporting period, Lochard Energy updated and refreshed its Whistleblowing Policy and carried out internal training and awareness activities regarding protections available to whistleblowers. Whistleblowing laws are intended to help uncover and deter wrongdoing. Lochard Energy encourages eligible 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

Supplier Code of Conduct

In the 2021-2022 reporting period, Lochard Energy developed its first Supplier Code of Conduct which articulated Lochard Energy's expectation that all of 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 was communicated directly to all Lochard Energy suppliers and is available on Lochard Energy's publicly available website. Suppliers who contract with Lochard Energy on our standard purchase order terms and conditions or template 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.

Training and communication

In the prior reporting period, the Boards of the relevant Lochard Energy companies, 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.

In the current reporting period, Lochard Energy provided training to new employees and employees who had moved to different roles in relation to modern slavery risks and embedded the training in its online employee training framework.

Supplier questionnaires

In prior reporting periods, Lochard Energy conducted internal risk assessments and a survey of its suppliers with a spend of at least \$50,000 on average over the prior three years (**'High Spend' suppliers**) with the aim of increasing its understanding of its modern slavery risk exposure in its supply chain.

In the current reporting period, we extended the reach of our supplier questionnaire activities to include suppliers who do not meet the 'High Spend' threshold but who are considered to have a greater risk of modern slavery exposure because of the type of products they supply or their country of operation. We also provided the survey to suppliers who are known to themselves outsource their services and to suppliers who did not respond to our survey in the prior period. Over the last two reporting periods, we have asked 75 suppliers to respond to our survey and have had a response rate of 75%. In terms of Lochard Energy's overall procurement spend, we have surveyed suppliers accounting for 72% of our spend and have received survey responses referable to 66% of our spend.

Commitment to continuous improvement

To support Lochard Energy's commitment to identifying and combatting modern slavery risks in a way that goes beyond a 'set and forget' approach, Lochard Energy has an internal working group (comprised of personnel with legal, risk and procurement expertise) that leads its modern slavery activities. The 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.

In the next reporting period, Lochard Energy, through its working group, plans to undertake the following activities in relation to continuing to assess and respond to modern slavery risks:

- We will closely monitor developments in relation to, and the outcome of, the statutory review of the Act that is currently underway;

- We will expand the reach of our supplier survey by lowering the 'High Spend' threshold to capture a larger number of suppliers where we have an ongoing (rather than 'one off') relationship with the supplier;
- The results from our surveys have identified a small number of suppliers who supply to Lochard Energy from their operations located in higher-risk locations. Further, we have identified a minority of suppliers who, in order to deliver goods/services to Lochard Energy, procure goods or services in their supply chains from higher risk locations. We aim to carry out further 'deep dive' due diligence in respect of those suppliers;
- We will review and, if appropriate, update our procurement policy, contractor on-boarding process and tendering processes to ensure Lochard Energy's expectations of suppliers insofar as identifying and avoiding modern slavery instances are well understood and communicated; and
- We will engage with our peers in the energy industry as appropriate and seek opportunities for collaboration in relation to helping to address modern slavery risks in our supply chains.

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 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 commenced in March 2022. 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 response rate of 75% from suppliers who have been asked to complete our modern slavery survey, Lochard Energy is pleased with the progress in this regard but will continue to seek further responses in the next reporting period.

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 (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 29 November 2022.



Peter Lowe

Chairman of the Lochard Energy Boards

Date: *29-11-2022*