



Pacific Energy Trading Pty Ltd

Modern Slavery Statement financial year ended 31 December 2022

Issued April 2023

1. CONTEXT AND PURPOSE

The *Modern Slavery Act 2018* (Cth) (the **Act**) commenced operation on 1 January 2019, establishing a national modern slavery reporting requirement.

This document comprises of the modern slavery statement (the **Statement**) of Pacific Energy Trading Pty Ltd (**PET**) (ABN 63 642 539 482, Corporate Authorised Representative (CAR No. 001283264) of Lanterne Fund Services Pty Ltd (ABN 49 098 472 587, AFSL No. 238198)).

The Act defines “modern slavery” as including the following eight types of serious exploitation:

- Trafficking in persons;
- Slavery;
- Servitude;
- Forced marriage;
- Forced labour;
- Debt bondage;
- Deceptive recruiting for labour or services; and
- The worse forms of child labour.

The purpose of this Statement is to detail the activities we have undertaken regarding modern slavery risks in our operations and supply chains and our approach to this commitment for the financial year ended 31 December 2022.

Whilst we have not identified any specific instances of modern slavery harm, we have applied a methodology (described below) to undertake a risk-based assessment of our operations (including our investment operations) and supply chains and identify any areas of potential for a higher incidence of modern slavery risk.

2. REPORTING ENTITY STRUCTURE, OPERATIONS AND SUPPLY CHAINS



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Pacific Energy Trading Pty Ltd (ABN 63 642 539 482
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Pacific Energy Trading Pty Ltd (ABN 63 642 539 482, Corporate Authorised Representative (CAR No. 001283264) of Lanterne Fund Services Pty Ltd (ABN 49 098 472 587, AFSL No. 238198)) is the reporting entity under the Act that must prepare this Statement that sets out our efforts to assess and address the modern slavery risks in our operations and supply chains.

PET acts as a specialist derivative trader with a focus on trading and investing primarily in energy and renewable markets in Asia Pacific. PET only trades or invests on its own behalf, using capital provided by its parent company Pacific Energy Trading Global, Ltd (Org No: 642 658 437) (**PET Global**) through loans and equity. PET typically trades in:

- ASX listed futures for Australian and New Zealand electricity markets
- Australian National Electricity Market (**NEM**) electricity OTC swaps, caps and options
- Settlement Residue Auction (**SRA**) primary units
- SRA secondary units
- ORC weather derivatives
- CME listed FX futures
- Australian Carbon Credit Units (**ACCU**) and Eligible International Emission Units (**EIEU**)

PET trades in the above markets through direct market access, brokered trades, direct negotiations with wholesale counterparties and primary SRA units through AEMO's quarterly auction mechanism.

The day-to-day management of PET is oversighted by the Directors of the company and other senior executives. PET's offices are located in Sydney. As at 31 December 2022, it had 5 full-time employees permanently based in Sydney. The employees mainly support functions such as, derivative trading and investments and risk and compliance.

Service providers have been appointed by PET to assist in the operations of their business, and legal contracts have been entered into with each of its significant service providers. These include information technology providers, legal and tax advisers, accounting and payroll, counterparties and brokers, communications and other consultants and service providers undertaking important outsourced activities.

3. IDENTIFYING RISKS OF MODERN SLAVERY PRACTICES IN OPERATIONS AND SUPPLY CHAINS

The steps we took to identify risks of modern slavery practices in operations and supply

chains were as follows:

- We identified material service providers and suppliers with sufficient risk and issued them with specific modern slavery questionnaires for them to complete to describe their processes of identifying and managing modern slavery risks.
- All responses were reviewed by the compliance officer of PET and only low risks of modern slavery were identified. Our service providers and suppliers are not operating in high-risk industries, or out of countries with high risks of modern slavery practices.
- Service providers had implemented processes and procedures to identify, assess and address any risks. There was no self-identification of any medium or high-risk practices.

The risk of us being exposed to modern slavery risks within our supply chain is very low. In providing financial services, our expenses are predominantly staff costs, rent and other professional services that have been procured in Australia. The financial services business operates in Australia and we seek suppliers that have similar values, ethics and sustainable business practices, including those related to human rights.

For the indirect risks, our investment decisions are made with consideration of modern slavery risks and ensuring investments are aligned with the UN Guiding Principles.

4. ACTIONS TAKEN TO ASSESS AND ADDRESS THESE RISKS, INCLUDING DUE DILIGENCE AND REMEDIATION PROCESSES

We have taken steps in 2023, and will continue to enhance our processes, to prevent, mitigate and remediate modern slavery through our operations and supply.

To be clear, we are committed to fighting modern slavery risk in our operations and supply chains. Our approach to modern slavery is:

- We do not tolerate unacceptable treatment of workers, including serious exploitation that involves coercion, threats or deception to force work that amounts to types of modern slavery;
- We do not tolerate the exploitation of children and child labour;
- We expect compliance with national laws and regulations regarding employment, industrial relations, modern slavery and human rights by our service providers and supply chains; and
- If we are made aware of modern slavery allegations in our operations or supply chains, we will assess and investigate these allegations, resolve and respond to them in accordance with our complaint procedures for operations and contractual relations for supply chain.

Our executive management team in collaboration with our legal, finance, human resource and operations teams are working collectively to ensure a company group-wide responsibility for ongoing compliance with the Act.

Particular steps PET will undertake include:

- Not commencing commercial arrangements with entities that we discover breach the UN Guiding Principles on Business and Human Rights (UN Guiding Principles).
- Complying with the UN Guiding Principles when making investment decisions.
- Ensuring that staff are trained on the MS Act and Are aware of its requirements.
- If we procure goods above \$10,000 in value from an overseas supplier, we will assess whether the supplier has complied with the MS Act, otherwise, we will assess alternative suppliers.

We believe that environmental, social and corporate governance (**ESG**) issues affect the performance of investment portfolios and accordingly, are taken into consideration to the extent that we can practically do so within the context of optimising net risk-adjusted returns. The Board has approved a Responsible Investment policy, which acknowledges that ESG factors may affect the value and therefore, long-term financial performance of our investments.

Human rights are considered as part of the 'social' aspect of ESG within our Responsible Investment policy.

We expect our suppliers to assess modern slavery risks and conduct due diligence that considers modern slavery risk management in investee entities' operations and supply chains.

To prepare this Statement, we completed the following actions:

- Identified material overseas service providers and potential at risk suppliers and issued them with a specific modern slavery questionnaire;
- Assessed modern slavery risk in our operations and supply chains, including external counterparties through the distribution and receipt of responses to our customised modern slavery supplier questionnaires and other information provided by suppliers;
- We closely monitored investments in geographies that may give rise to higher modern slavery risks;
- Conducted Board and Executive briefings;
- Conducted training of staff including annual risk and compliance refresher and the induction risk and compliance training for new staff both which cover modern slavery;



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- Prepared this Statement.

As a commitment, to continuous improvement, we have established and will continue to maintain a consistent roadmap for continuing to assess and monitor modern slavery risks covering the following:

- Review and, if necessary, improve relevant policies and procedures;
- Enhance due diligence processes with all new material service providers and suppliers that specifically targets modern slavery risks in their operations and supply chains, ensuring that new contracts and agreements cover modern slavery risk;
- Enhance measurement of effectiveness of actions to address real or potential modern slavery risks; and
- Ongoing close monitoring of investments in geographies that may give rise to higher modern slavery risks.

5. ASSESSING THE EFFECTIVENESS OF THESE ACTIONS

To assess modern slavery risks, responses to our supplier questionnaires and other materials from potentially higher risk suppliers were analysed and assessed. With escalation or follow up of service providers for clarification, as required.

We will ensure that the requirements detailed above are fulfilled. Additionally, we will provide the Board with an annual assessment on the implementation of the obligations of the modern slavery statement. The Board shall consider the effectiveness of the measures described above and amend procedures as it sees fit.

6. GRIEVANCES AND REMEDIATION

Any concerns regarding modern slavery risks in our operations and supply chains, may be raised by contacting us on 02-91825864 (Monday – Friday, between 9am and 4.30pm Australian Eastern Standard Time (AEST)) or via email at contact@pacificenergytrading.com.

7. OTHER RELEVANT INFORMATION

The maturity of assessing modern slavery risks within our supply chains will be further enhanced as part of our commitment modern slavery improvements.

Our commitment to human rights is supported by a number of internal policies. These include:

- Breach and Complaint Management
- Privacy Policy
- Risk Management Policy



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- Modern Slavery Policy
- Code of Conduct
- Anti-Money Laundering & Counter Terrorism Financing Program
- Market Conduct
- Responsible Investment Policy
- Conduct & Disclosure Policy
- Whistleblower Protection Policy



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8. APPROVAL

The Board of Pacific Energy Trading Pty Ltd has approved this Statement. This Statement will be updated annually.

Signed

Connell Burke

CEO

Pacific Energy Trading Pty Ltd

Dated: 05/04/2023