

OUR PATH TO TRANSITION



*Focused on Australian futures*

ESG REPORT 2021



**YANCOAL  
AUSTRALIA LTD**

(INCORPORATED IN VICTORIA, AUSTRALIA WITH LIMITED LIABILITY)  
ASX STOCK CODE: YAL HKEX STOCK CODE: 3668 ACN 111 859 119



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While coal mining will likely continue to be Yancoal's primary activity over the coming decades, the Company also has a strategy to ensure the sustainability of the business into the future through diversifying our operations into a range of different commodities and projects. One of the potential pathways that Yancoal is actively



# OUR FUTURE

## The Potential to Harness a Renewable Future

investigating the development of renewable energy projects. Renewable energy projects would allow Yancoal to deliver a range of positive outcomes relating to: the pursuit of net zero emissions; beneficial post-mining land use; the re-skilling of our workforce; and the ongoing viability of

local communities and regional economies where we operate. Yancoal is investigating the full spectrum of renewable energy alternatives, including solar farms, wind farms and pumped hydro projects, and how these could be complementary to our existing operations or developed at those

sites where coal mining has ended and post-mining land uses are being considered.

As the world moves towards a lower carbon economy, the mining industry has an important role to play in supporting and expanding the use of renewable energy.



In 2021, Ashton Coal donated \$7,750 to assist Singleton Heights Pre-School install 45 rooftop solar panels – a key element of the pre-school's strategy to improve its sustainability and reduce

its long-term environmental impact. Singleton Heights Pre-School has been operating for over 35 years and is a community owned and volunteer managed non-for-profit pre-school that teaches 80 children daily.

With the help of several fundraising events and the grant from Ashton Coal, this environmental initiative was realised. Not only do the solar panels further the pre-school's commitment to sustainable practices, but it also eases overall

An aerial photograph of a school playground. On the left, a red metal roof is covered with several large, dark blue solar panels. A paved path leads from the roof down to a colorful playground area. Children in various colored clothing are playing on the path and in the playground. A large white umbrella is open in the playground. The scene is bright and sunny, with shadows cast on the ground.

## OUR FUTURE

# *Supporting Sustainability Initiatives in our Local Communities*

energy costs. In addition, the initiative has opened a new path of education for the students, with the children learning about alternative energy sources and inspiring them to be more energy conscious.

Singleton Heights Pre-School provides an important and valuable service to the families in the Singleton community and Yancoal was pleased to help make this worthwhile project possible.

# OUR FUTURE



Yancoal's national sponsorship of The Clontarf Foundation is in its fifth consecutive year. The Foundation's football academies support Indigenous youth education and career development,

leading to positive outcomes in the communities where they operate.

Clontarf academy graduate Nathan Giles has joined the Mount Thorley Warkworth team as a Trainee Mining Operator.

He is being trained and provided with significant hands-on experience to safely operate Heavy Mining Equipment, such as haul trucks. Nathan is a perfect fit for our workforce and we are confident



# Providing Indigenous Traineeship Opportunities

he will thrive and go from strength-to-strength in his new role.

Through the traineeship program with Yancoal, young Indigenous men like Nathan can develop solid skills

through education, mentoring and peer support, which will set them up for a long-term career in the resources sector. Yancoal is proud to partner with The Clontarf Foundation to

provide opportunities for Indigenous employment, which serves to strengthen our diverse and talented workforce.



Like all mining companies, Yancoal owns substantial land within and adjacent to its mining leases. Our goal is to put this land to use for the benefit of local communities and economies.

Since 2018, Mount Thorley Warkworth has leased land adjacent to the mine to a dairy farm operated by Andrew and Christine Farr. Andrew is a third-generation dairy farmer with extensive experience of farming in the Hunter Valley. Andrew and Christine

are continually reviewing and improving their farming systems, with the key objective of maintaining quality pasture to enable high stocking rates and optimal milk production. Today, the 1,100-acre property supports over 800 head of stock,



### *Promoting Beneficial Agricultural Land Use*

with the milking herd of 300 producing about 2,000,000 litres of milk a year.

Yancoal is fully supportive of Andrew and Christines' efforts and this strong working relationship has resulted in Yancoal investing an additional

\$280,000 to upgrade critical irrigation infrastructure on the dairy farm. This will enable the underground irrigation system to be replaced, resulting in increased pasture production and improved water use efficiency. Ensuring the ongoing

sustainability of this farm is an important way of securing the longevity of the local dairy industry and demonstrates how mining and agriculture can coexist in the Hunter Valley.

## OUR FUTURE

# A Workplace that Supports Career and gender Diversity

Leah Miller is a prime example of how Yancoal can provide a broad range of career opportunities irrespective of gender or experience. Leah is the Coal Handling and Processing Plant (CHPP)

Superintendent for Maintenance Delivery at the Mount Thorley Warkworth mine in the Hunter Valley. She started her career as a business analyst at the Hunter Valley Operations joint venture

as part of the graduate program, having studied a business and commerce degree at university. After twelve months in an office role, Leah decided to move into the operational side of the business



working in the area rebuilding mobile heavy equipment. She took advantage of an opportunity to demonstrate her management and leadership skills in a different side of the business and

has progressed her career as a result. In 2020, Leah was recognised by the NSW Women in Mining Awards as the winner of the Exceptional Young Woman in Mining category – justified

acknowledgment of her success in the industry and as a role model for women across Yancoal's operations.

# OUR FUTURE

## Leveraging Innovation to Lower Future Emissions

Yancoal has joined with other mining companies in the global 'Charge On Innovation Challenge' to develop concepts for large-scale haul truck electrification systems to reduce the consumption of

diesel fuel and significantly cut emissions from surface mine operations. The potential to electrify haul trucks, and the decarbonisation that would result, is a significant issue for

Yancoal, given that around 36% of our total scope 1 emissions are generated by the consumption of diesel across our operations. The initiative aims to tap into expertise across various industries to



address the challenges of electrification of 220 tonne haul trucks, such as: battery technology constraints; the amount of energy that can be efficiently carried on board a truck; and unproductive charging

solutions. It is anticipated that battery electric trucks and associated charging infrastructure could be ready for mine site trials within the next few years. At this stage of the process, a list of preferred

technology solutions has been compiled, and the next step is to assess the requirements for potential accelerated commercialisation of these solutions.

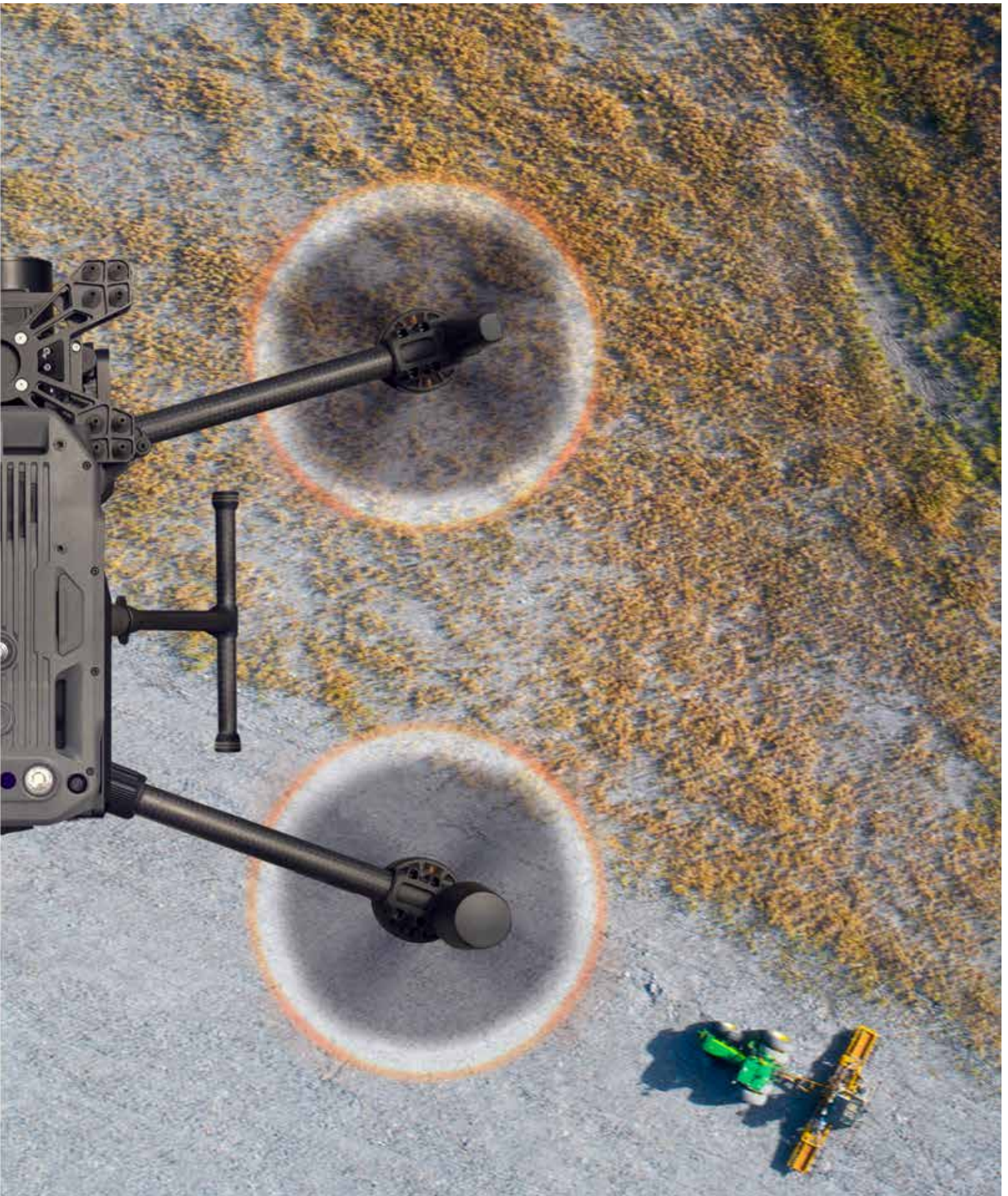
# OUR FUTURE

## Using Technology to Improve Rehabilitation Performance

Rehabilitation requires extensive planning, monitoring and reporting over a considerable period of time. Yancoal is continually assessing innovative solutions to improve the effectiveness of our rehabilitation efforts. Partnering with

Dendra Systems to use drones to undertake aerial seeding and remote monitoring activities is one such example. Rehabilitation monitoring has traditionally involved crews visiting permanent quadrat locations to collect information

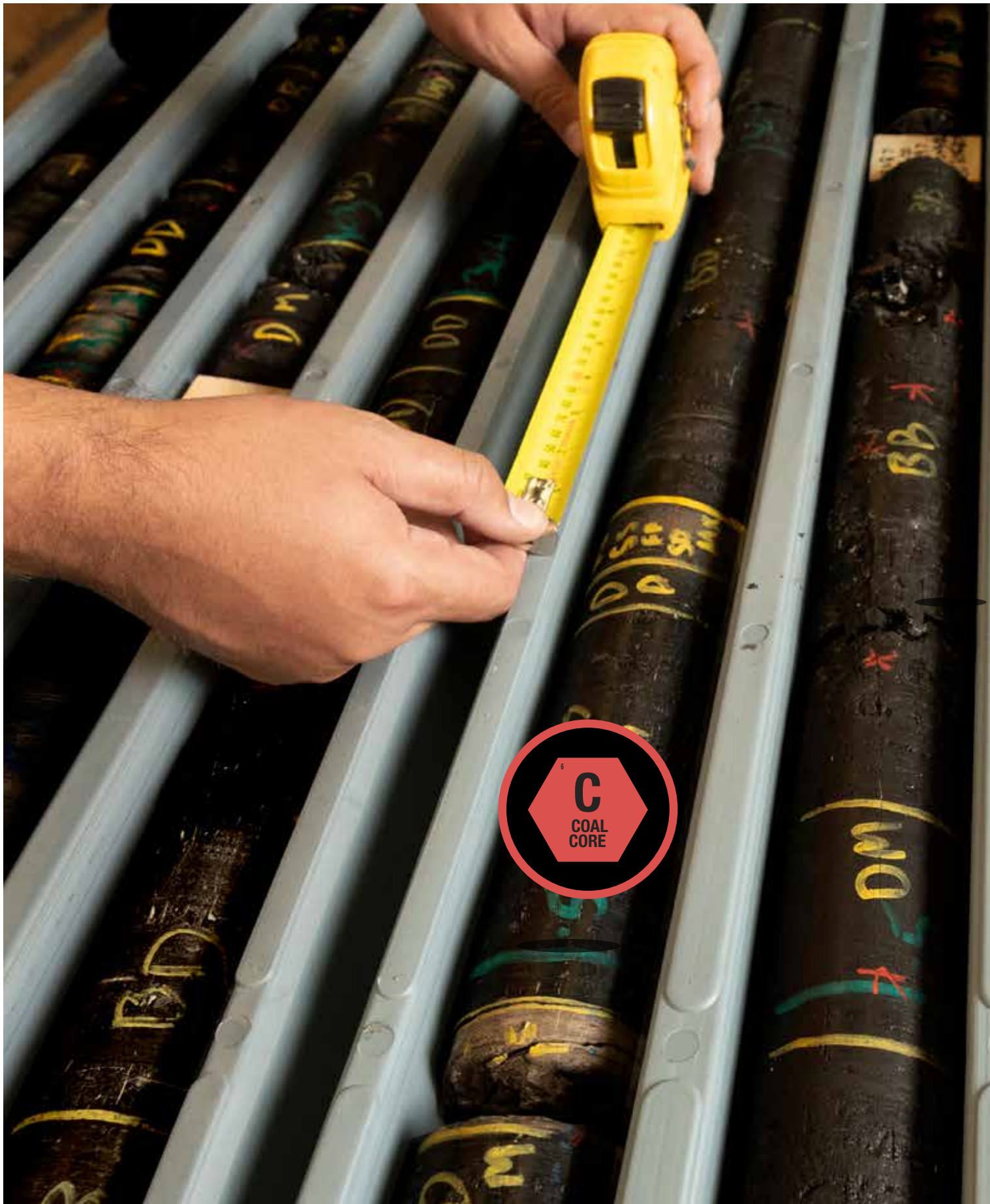
on soils, landscapes, species diversity and fauna habitat features. Return visits to these quadrats enable detailed trend analysis, on a representative sample of land. Remote sensing using drones is a cost-effective and accurate way to



undertake the same monitoring across much larger rehab areas. In 2021, Mount Thorley Warkworth commissioned Dendra to undertake both ground-based and remote sensing monitoring, which will provide additional information (such

as groundcover, weed and erosion rates) across a broader rehabilitation area. Mine site rehabilitation is a labour intensive activity due to the need to access large remote areas. Applying drone technology for aerial seeding delivers the

rehabilitation outcomes whilst avoiding any disruption to existing ecosystems. In Australia, Yancoal was an early adopter of Dendra Systems' targeted drone seeding program at Moolarben.



Yancoal's existing Australian coal operations remain core to our business and we believe demand for our high-quality coal will underpin the business for the duration of our mines'

operational lives. We also accept that the world is in a period of transition and is moving towards a lower carbon economy. To ensure the sustainability of Yancoal's business beyond 2040,

we have started to assess opportunities to diversify our mining operations into non-coal commodities, including base metals such as copper and gold, and battery minerals such as nickel, lithium



# OUR FUTURE

*Pursuing Diversification  
to Underpin a  
Sustainable Business*



and graphite. We would also consider the expansion of our coal interests, especially if such a move increased the proportion of metallurgical coal in our product mix. Yancoal is open to assessing

assets and projects across various stages of development and also to expanding our footprint beyond Australia. This international diversification strategy is supported by our largest shareholder

(Yankuang Energy Group Company Limited) and would secure our business in a future beyond coal.

# ABOUT THIS REPORT



Yancoal acknowledges the unique connection that Aboriginal and Torres Strait Islander peoples – Australia’s first peoples – have to land, waters and the environment. We extend this recognition and respect to Indigenous peoples and communities around the world. Yancoal recognises the value and benefits of open and respectful relationships with Indigenous communities and is committed to continuing these relationships.

This Environmental, Social and Governance (ESG) Report, for the period 1 January 2021 to 31 December 2021 (Reporting Period), covers the activities and approach of Yancoal Australia Ltd (Yancoal or the Company), its key subsidiaries, including Yancoal Resources Limited, Coal & Allied Industries Ltd and Gloucester Coal Ltd (Yancoal and its subsidiaries, collectively, Yancoal Group). This reflects the entities where Yancoal has operational control.

Accordingly, the following operations are included within this scope and reporting boundary:

- Yancoal’s operated assets include: Moorlarben, Mount Thorley Warkworth, Yarrabee, Stratford, Duralie, Ashton, Austar and Donaldson.

The reporting boundary of this ESG Report also includes operations managed by Yancoal on behalf of its majority shareholder, Yankuang Energy Group Company Limited (Yankuang Group), consisting of Cameby Downs and Premier Coal.

The Report excludes coverage of the following joint venture operations, which are managed by the respective and distinct joint venture entity, and where Yancoal does not have operational control:

- Hunter Valley Operations (joint venture with Glencore Coal, with Yancoal having 51% ownership); and
- Middlemount Coal Pty Limited (an incorporated joint venture with Peabody Energy, with Yancoal having a near 50% ownership).

## INCLUDED WITHIN SCOPE OF THE 2021 ESG REPORT

Yancoal owned and operated assets

- Moorlarben
- Mount Thorley Warkworth
- Yarrabee
- Stratford
- Duralie
- Ashton
- Austar
- Donaldson

Operations managed by Yancoal on behalf of its majority shareholder, Yankuang Group

- Cameby Downs
- Premier Coal

## EXCLUDED FROM THE SCOPE OF THE 2021 ESG REPORT

Joint venture operations

- Hunter Valley Operations
- Middlemount

The Report also excludes coverage of Yancoal’s shareholding interests in three Australian coal export terminals, which include Newcastle Coal Infrastructure Group Coal Terminal (27%), Port Waratah Coal Services (30%) and Wiggins Island Coal Export Terminal.

Yancoal has prepared this Report in accordance with:

- the ESG Reporting Guide under Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and

- the 4th edition of the ASX Corporate Governance Council’s Principles and Recommendations.

In addition, the following global standards and frameworks have been used to guide our disclosure approach:

- Taskforce for Climate-Related Financial Disclosures (TCFD) recommendations
- Global Reporting Initiative (GRI) Reporting Standards
- United Nations Sustainable Development Goals (UN SDGs)

All data are reported on a 100% owned or managed basis, unless specified otherwise. Greenhouse gas emissions data are reported on a July to June basis, in line with the Australian regulatory reporting requirements and other reporting cycles, as is National Pollutant Inventory Data (NPI).

Please see the Who We Are section of this report on page 22 and our website ([www.yancoal.com.au](http://www.yancoal.com.au)) for more information about Yancoal’s activities and operational performance.

The contents of this report have been subject to Yancoal’s internal verification process.

## OUR FUTURE

*Ongoing  
commitment to open  
and transparent  
stakeholder  
engagement*



Yancoal is committed to open and transparent communication with all our stakeholders on a broad range of matters, including taxation. Our first Tax Transparency Report was published in 2020 (covering the 2019 financial year) and we have committed to ongoing annual reporting on our approach to taxation and the nature and extent of our taxation payments.

Just as Yancoal's ongoing expansion is a story of different phases – moving from periods of investment in establishing and developing assets, into periods where these mines move into productive stages of their operational lives – so too is the evolving nature of our tax situation. Periods of investing heavily in our assets might incur tax losses, which are followed by periods when our mines generate financial benefits,

including contributing to taxation. As a result of having successfully built a commercially sustainable business, tax will increasingly become an important part of Yancoal's economic contribution across all levels of government. Over the past six years, our government contributions have surpassed \$3 billion across several categories of taxation and royalties.



# OUR FUTURE

## MESSAGE FROM THE CHAIRMAN AND CEO

Yancoal's financial and operational success is underpinned by effective ESG practices. This ESG Report outlines how we managed the risks and opportunities associated with our ESG priorities throughout 2021 – a year in which the Company posted record revenue of over \$5.4 billion and record Operating EBITDA of over \$2.5 billion, despite the business facing several issues that tested our ESG capabilities.

Aligned to our objectives of operating our Company profitably and providing stable and rewarding employment for our workers, our ESG objectives remain:

- Operating responsibly, safely and ethically;
- Contributing to positive community and economic outcomes; and

- Managing ESG risks and opportunities critical to our ongoing business resilience.

There were many ESG highlights for Yancoal during 2021. However, it was our ability in overcoming two challenges throughout the year that demonstrated how our workforce and our ESG processes and systems combined to achieve positive outcomes. It took a concerted effort by all our workforce to keep the production impacts of COVID-19 to a minimum through the continued implementation of our pandemic response. Regular rain events generated by the prevailing La Niña weather pattern caused excess water in the open-cut operations, which required a critical response to ensure our workforce remained safe in these difficult operating conditions and that environmental incidents were minimised. Despite these

issues, Yancoal's Total Recordable Injury Frequency Rate (TRIFR) of 8.4 at the end of the year remained below the comparable weighted industry average of 10.2, and we maintained the integrity of our water management and storage systems across our operations.

Other 2021 ESG performance highlights detailed in this report include:

- Community contributions of \$1.4 million, which were split between site-based Community Support Program initiatives and corporate level sponsorships of organisations such as The Clontarf Foundation and Westpac Rescue Service Helicopter;
- Participation in the global 'Charge On Innovation Challenge' to develop concepts for large-scale haul truck electrification systems to reduce



the consumption of diesel fuel and significantly cut emissions from surface mine operations;

- Implementation of a process to maintain ongoing corporate oversight of potential mining activities that could impact Aboriginal cultural heritage sites with moderate to high archaeological significance, and a wide-ranging cultural heritage audit; and
- Yarrabee winning the 2021 Australian Mining Prospect Award in the Excellence in Mine Safety and OH&S category for its Safety Culture Framework, which was critical in the operation achieving 668 LTI Free Days between June 2019 and April 2021.

In 2022, Yancoal will continue to strive for excellence in ESG, and over the coming years we will set meaningful targets across a range of ESG activities. Such targets

could include objectives around reducing future carbon emissions, improving energy efficiency, setting workforce diversity rates and meeting select international standards on cultural heritage. We are currently investigating the most appropriate systems and processes that can be implemented to allow us to set baseline data points, and then to tangibly measure and track our performance to ensure we meet these targets into the future.

The future is full of exciting and new horizons for Yancoal. As the world moves towards a lower carbon economy, we are proactively exploring opportunities in the renewable energy sector and diversification into other commodities beyond coal, especially given that investors are increasingly focused on decarbonisation and carbon-neutral themes. While our vision for Yancoal's

transition into a diversified energy and mining company in the future will not detract from our continued present focus on our core operations, this transformation will form a central part of Yancoal's ESG strategy so we can enhance operational resilience and sustain our business into the future, for the benefit of our shareholders, employees and communities.

**Baocai Zhang**  
Chairman of the Board

**David Moulton**  
CEO

# 2021 SNAPSHOT

Second Annual



## MODERN SLAVERY POLICY

published and supplier due diligence process completed



## 22% REDUCTION

in community complaints

## \$1.6 BILLION

in purchases of goods and services from over 2,400 Australian suppliers and providers



## \$513 MILLION

in wages and salaries to 3,130 full time resident employees



## CULTURE CHAMPIONS

appointed across Yancoal operations



## \$443 MILLION

in local, state and federal government payments



## CLIMATE RELATED RISKS

are included and assessed in our Enterprise Risk Management Framework



## \$1.4 MILLION

in voluntary contributions to 136 community organisations across Australia





## TOTAL SCOPE 1 AND SCOPE 2

emissions of 2,213,876 tCO2-e (excluding HVO and Middlemount)



## 6,843 ML

of high-quality water returned to the environment (20% increase on 2020)



## \$16,000

raised for Westpac Rescue Helicopter Service from 'Vaccine Thank You Program' by staff donations



## 215 HA

of land rehabilitated during 2021 (compared to 176ha in 2020)



## 33% REDUCTION

In the total number of recordable work-related injuries since 2018



Conducted an internal audit of

## INDIGENOUS CULTURAL HERITAGE



Developed draft 3-year

## DIVERSITY AND INCLUSION STRATEGY



## 'GREEN MINED'

Emission Reduction Competition developed by Yancoal



# WHO WE ARE

Yancoal is a leading low-cost Australian coal producer and exporter to the global seaborne market, producing a mix of premium thermal, semi-soft coking and pulverised coal injection (PCI) coals. Since 2004, Yancoal has generated over \$10 billion in Foreign Direct Investment (FDI) for Australia and now owns, operates or participates in coal mines across NSW, Queensland and Western Australia.<sup>1</sup>

Yancoal has a diverse range of customers: in 2021 we sold our Australian coal to 19 countries, with our major markets located across the Asia region. Every year, Yancoal's thermal coal provides power to millions of households in the Asian region, and our metallurgical coal assists in the production of millions of tonnes of steel. Over coming decades, we believe our coal will continue to play a key role in

delivering economic growth and improved quality of life, especially in Asia.

Yancoal is a public company, listed on both the Australian Securities Exchange (ASX: YAL) and the Stock Exchange of Hong Kong (HKEx: 3668), and is majority owned by Yankuang Energy Group Company Limited, which is itself listed on the HKEx.

	MOOLARBEN NSW	MOUNT THORLEY WARKWORTH NSW	YARRABEE QLD
ECONOMIC INTEREST	95%	82.9%	100%
DESCRIPTION	Truck and excavator open-cut and longwall underground mining complex producing thermal coal; operated by Yancoal.	Dragline, truck and shovel/ excavator open-cut mine producing semi-soft coking coal and thermal coal; operated by Yancoal.	Truck and excavator open-cut mine producing ultra low volatile PCI coal; operated by Yancoal.
HEAD COUNT	~780 EMPLOYEES & CONTRACTORS	~1,300 EMPLOYEES & CONTRACTORS	~400 EMPLOYEES & CONTRACTORS
2021 SALEABLE COAL OUTPUT (100%)	18.4 MILLION TONNES	11.2 MILLION TONNES	2.6 MILLION TONNES
MARKETABLE RESERVES (AS AT 31 DEC 2021)	182 MILLION TONNES	178 MILLION TONNES	61 MILLION TONNES

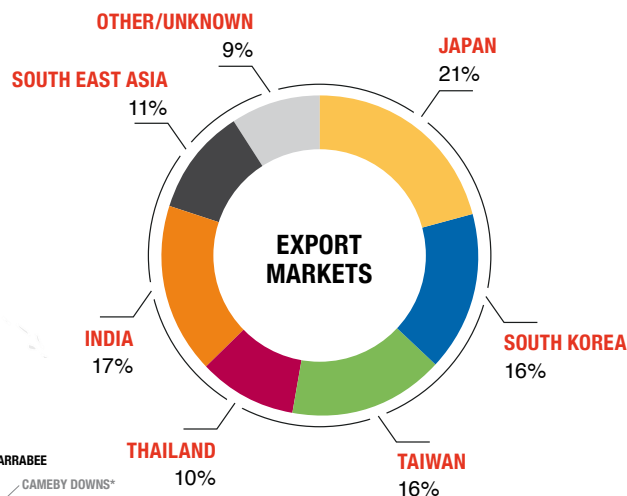
\*Managed, Not Owned, by Yancoal. ^Reserve figure is only the Ashton underground. Note: Joint venture facilities, Hunter Valley Operations and Middlemount Coal and managed (but not owned) assets Cameby Downs mine and Premier coal mine are not included in the reported statistics for this ESG report.

<sup>1</sup> As noted in the 'About this report' section, joint venture facilities, namely Hunter Valley Operations and Middlemount Coal, are not included in the reported statistics for this ESG report.





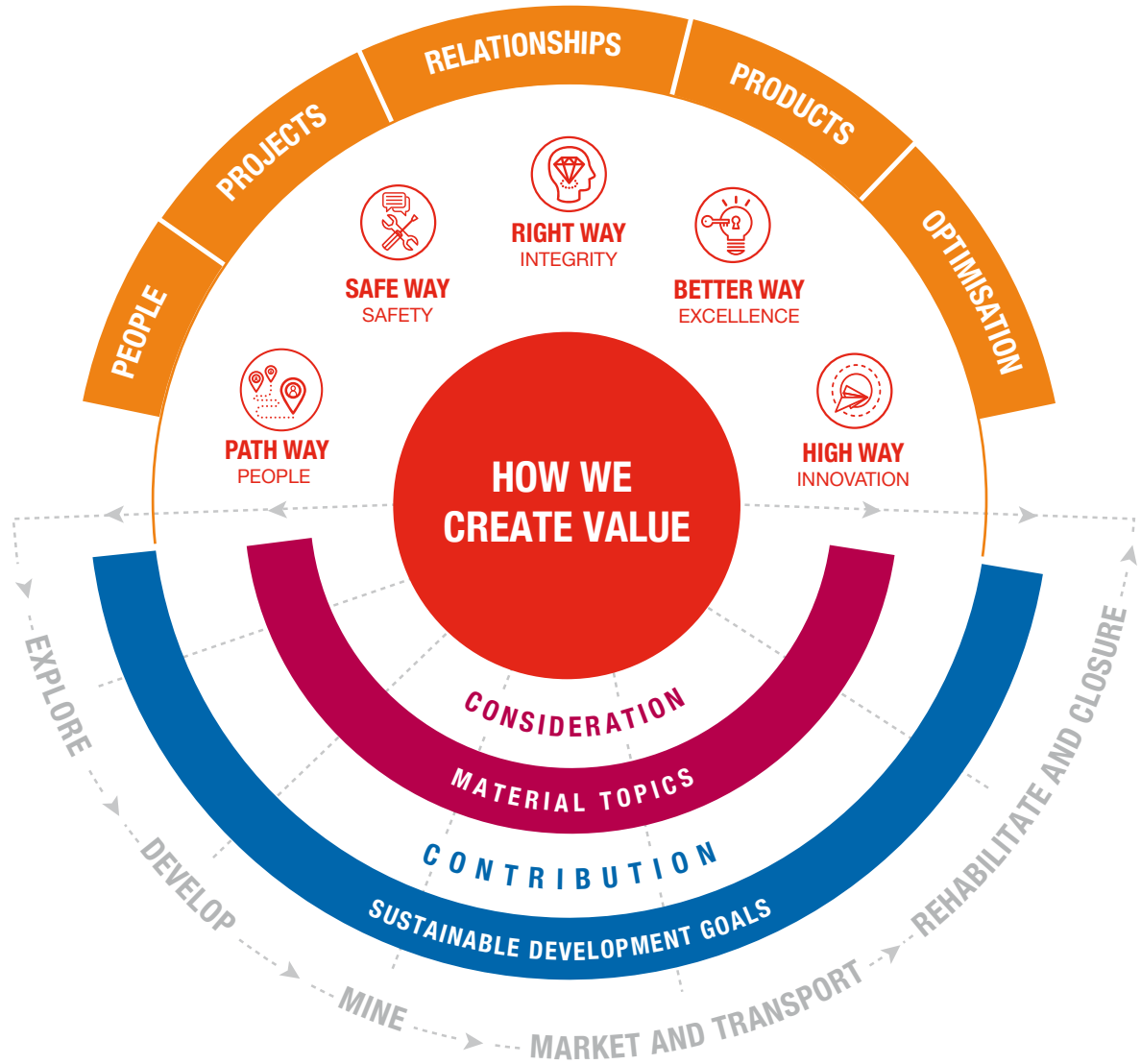
### 2021 FINAL DESTINATION FOR COAL VOLUMES MANAGED BY YANCOAL MARKETING<sup>2</sup>



STRATFORD-DURALIE NSW	ASHTON NSW	CAMEBY DOWNS* QLD	PREMIER* WA
<b>100%</b>	<b>100%</b>	<b>0%</b> (MANAGED BY YANCOAL)	<b>0%</b> (MANAGED BY YANCOAL)
Truck and excavator open-cut mine producing thermal and semi-soft coal; operated by Yancoal.	The Ashton longwall mine produces a semi-soft coking coal; operated by Yancoal.	Yancoal operates the truck and excavator operation on behalf of Yanzhou Coal Mining Company. The mine produces low-ash thermal coal.	Yancoal operates the truck and excavator/shovel operation on behalf of Yanzhou Coal Mining Company. The mine produces sub-bituminous coal.
<b>~100</b> EMPLOYEES & CONTRACTORS	<b>~325</b> EMPLOYEES & CONTRACTORS	<b>~160</b> EMPLOYEES & CONTRACTORS	<b>~390</b> EMPLOYEES & CONTRACTORS
<b>0.8</b> MILLION TONNES	<b>1.2</b> MILLION TONNES	<b>2.0</b> MILLION TONNES	<b>3.0</b> MILLION TONNES
<b>1.4</b> MILLION TONNES	<b>22</b> MILLION TONNES	<b>90</b> MILLION TONNES	<b>24.7</b> MILLION TONNES

<sup>2</sup> Final destination is an internal assessment determined by Yancoal (on a 100% basis, excludes HVO and includes Middlemount and the managed Cameby Downs mine). This differs from the segment reporting provided in Note B2 to the Annual Financial Report.

# HOW WE CREATE VALUE



## OUR VALUE CHAIN

Our value chain extends through the exploration, development, operation and closure of our assets, how we market and transport our coal products, and the way we rehabilitate and manage mine closure. In conjunction with our Enterprise Risk Management Framework, responsible mining considerations inform each phase.



## STRATEGIC ADVANTAGES

### PEOPLE

Yancoal attracts, retains, and develops people with the right skills. Our assets deliver because our people are skilled, diverse, innovative and collaborative.

### PROJECTS

Yancoal has a strong asset portfolio, in which Tier-1 assets with robust operating margins underpin the business. We employ responsible mining practices across the lifecycle of our assets, which are discussed in further detail elsewhere in this report, and contribute strongly economically, socially and environmentally to the local and regional communities in which we operate.

### RELATIONSHIPS

Yancoal has built and maintains strong relationships with a range of key external stakeholders.

### PRODUCTS

Yancoal produces high-quality coal for the international market. We meet our customers' evolving demands and maximise price through our ability to blend product from our asset portfolio.

### OPTIMISATION

Yancoal continues to drive and deliver cost efficiencies: optimising operations, maintenance, procurement and product blending to improve sustained financial performance.

## CORE VALUES

**PEOPLE  
SAFETY  
INTEGRITY  
EXCELLENCE  
INNOVATION**

*Yancoal's values start with our people. We want our people to: work safely; act with integrity; strive for excellence; and seek improvement through innovation.*

## MATERIAL TOPICS

Our thirteen material ESG topics are outlined below, with further detail included on page 28.

 **BUSINESS INTEGRITY**

 **TRUST & TRANSPARENCY**

 **TRANSITION TO A LOWER CARBON ECONOMY**

 **WATER STEWARDSHIP**

 **MINE CLOSURE**

 **AIR AND NOISE IMPACTS**

 **LAND STEWARDSHIP**

 **WASTE MANAGEMENT (INCLUDING TAILINGS STORAGE FACILITIES)**

 **INDIGENOUS CULTURAL HERITAGE**

 **HEALTH, SAFETY AND MENTAL WELLBEING**

 **OUR PEOPLE**

 **COMMUNITY INVESTMENT**

 **SUSTAINABLE SUPPLY CHAINS**

## SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The United Nations SDGs and their associated targets provide a universal framework to address the world's most significant ESG challenges and opportunities. We recognise that the SDGs provide a meaningful foundation upon which we can drive our positive contributions, reduce our impacts and strive towards sustainable development. Informed by our material topics, we have identified seven SDGs that most closely align to our values, strategic advantages and operational outcomes.

Throughout the report we provide examples of how our business activities contribute to these SDGs. Like many other organisations in the energy value chain, we also acknowledge that our operations sometimes challenge positive impacts related to certain SDGs, and these need to be strategically managed. This is evident in our disclosures in the 'Transition to a Low Carbon Economy' section.



# OUR APPROACH TO ESG

## OUR APPROACH TO ESG REPORTING

Yancoal is committed to clear and transparent reporting of ESG performance. As a business we aim to support a culture of continuous improvement and progress in the quality and outcomes of our reporting processes. This report has been prepared in alignment with the HKEx ESG Reporting Guide and ASX Corporate Governance Principles and Recommendations. The metrics reported are also guided by the GRI reporting framework.

Yancoal also recognises the evolving landscape of ESG globally as well as a shift towards clearer and more standardised reporting frameworks.

Business, governments and civil society came together to progress global sustainable development objectives at the COP26 Summit in Glasgow in November 2021. At this summit, the International Accounting Standards Board announced the formation of the International Sustainability Standards Board (ISSB), which will consolidate various reporting frameworks into a single standard for ESG reporting. The ISSB will incorporate the previous Integrated Reporting Framework and the increased adoption of the Sustainability Accounting Standards Board's (SASB) reporting standards. As the ISSB standards are developed, Yancoal will align key quantitative metrics with these standards, as relevant to the extractive industry.

## OUR ESG TARGETS AND ACTION PLAN

Yancoal acknowledges the importance of driving positive change in our ESG performance year on year. Establishing a set of clear targets and an ESG action plan is the next step in progressing our measurement and reporting processes to align with the future ISSB framework. In 2022, as a part of our process to establish clear, achievable and high impact targets against our material topic areas, Yancoal plans to begin the process of establishing targets against key metrics such as greenhouse gas emissions, diversity and inclusion, water stewardship, energy intensity and modern slavery.

We are currently setting a foundation for measuring and tracking against these metrics through a streamlined data management system which will enable Yancoal's ESG performance to be tangibly measured and tracked over time.

In 2021, members from Yancoal's Ignite leadership development program developed the 'Green Mined' Competition, an initiative inviting employees to submit carbon emissions reduction initiatives for consideration by the Executive and senior leadership.

In 2022, Yancoal will launch the 'Green Mined' Competition across the group to invite ideas that can be implemented to form the building blocks of a lower carbon future. Entries in the challenge will be open to all employees across Yancoal with two idea categories:

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### "FAST CHANGE" IDEA

The winner in this category will be an idea that would be considered a "quick win". It would be a relatively low-cost idea/project that delivers effective emissions reduction with very low barriers for implementation (easily integrated into existing operations). As a fast change idea, it may not be the largest emissions reduction opportunity but will provide a measurable benefit to the business.

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### "BIG THINKING" IDEA

The winner in this category will be a "big thinking" idea that takes on the emissions reduction challenge in either large or innovative ways. The idea would be aligned with Yancoal's ESG strategy but might push the limits with our existing operations and challenge the company to seek new methods for meeting emissions challenges in the future. The benefits of this idea might not yet be fully quantifiable but will provide a vision for further project work to be sponsored by the company.

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Winners will be awarded at the Yancoal Awards night in November 2022.



## DEFINING OUR MATERIAL ESG TOPICS

Our approach to sustainability is guided by Environment, Social and Governance pillars with key areas of focus established through a materiality assessment process. As part of our commitment to progress effective ESG practices in our operations, in 2020 we undertook an independently facilitated ESG materiality assessment to inform our ESG approach and strategy. This process involved:

- Peer benchmarking;
- Recognition of current and projected future ESG mega-trends relevant to our operations and broader business context;
- Review of existing regulatory and legislative requirements and ESG reporting standards, including the HKEx ESG Reporting Guide and ASX Corporate Governance Principles and Recommendations; and
- Review of stakeholder expectations.

As reported in our 2020 ESG Report, Yancoalg considers that the following issues warrant a specific focus. This is because of our growing appreciation of the significance of these issues on the resilience of our business and operations:

- Yancoalg's business resilience in the transition to a lower carbon economy: due to a growing ambition to demonstrate how we will remain resilient in a lower carbon economy, including climate-related and export market risks and opportunities;
- Indigenous cultural heritage: due to increased understanding of the threat to, and significance of, Indigenous cultural heritage.
- Occupational health exposure: in recognition of the critical importance of the health and wellbeing of our people;
- Mental health: due to increased awareness on wellbeing and mental health concerns, accelerated by the stress of the COVID-19 pandemic;

The table below outlines our material topics within the ESG framework.

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*At Yancoalg, we report on material environmental, social and governance topics that have the potential to impact Yancoalg's business performance and reflect the impacts of our operations, and which have the potential to influence the decisions of our key stakeholders.*

PILLAR	MATERIAL TOPIC	DEFINITION		RELEVANT STAKEHOLDER GROUPS
GOVERNANCE	 <b>BUSINESS INTEGRITY</b>	Operating with integrity and in line with responsible corporate governance principles and ethics. Compliance with laws and regulations.		All stakeholders
	 <b>TRUST &amp; TRANSPARENCY</b>	Stakeholder perceptions and trust in Yancoal's disclosures, strategic objectives, governance processes and activities related to taxes and revenues.		All stakeholders
ENVIRONMENT	 <b>TRANSITION TO A LOWER CARBON ECONOMY</b>	Identification and management of business resilience in the transition to   a lower carbon economy, including climate-related risks and opportunities and energy efficiency.	  	Shareholders and partners, Customers, Government agencies and regulators, Financiers, Industry associations
	 <b>WATER STEWARDSHIP</b>	Effective use and management of water resources across the lifecycle of our business activities, including the potential impacts of finite water supply.	 	Local communities and agricultural producers, Government agencies and regulators, Industry organisations
	 <b>MINE CLOSURE</b>	Responsible and fit for purpose site closure of our assets and to drive subsequent land uses that benefit local communities post-mining.	 	Government agencies and regulators, Shareholders and partners, Local communities
	 <b>AIR AND NOISE IMPACTS</b>	Management of material exposures to air quality and noise arising from our operations.		Local community, Government agencies and regulators
	 <b>LAND STEWARDSHIP</b>	Planning for rehabilitation of environmental impacts over the short and long-term, and the management and conservation of biodiversity in operating areas.	 	Local communities, Government agencies and regulators, Industry associations, Shareholders and partners
	 <b>WASTE MANAGEMENT (INCLUDING TAILINGS STORAGE FACILITIES)</b>	Safe storage and management of waste, including tailings storage facilities.	 	Local communities, Government and regulators, Shareholders and partners, Employees, Industry associations
	 <b>INDIGENOUS CULTURAL HERITAGE</b>	Effective engagement and management of knowledge and lore, practices and people, objects and places that are valued, culturally meaningful and connected to identity and Country for Indigenous peoples.		Shareholders and partners, Employees, Indigenous groups, Local communities, Government agencies and regulators, Industry associations
SOCIAL	 <b>HEALTH, SAFETY AND MENTAL WELLBEING</b>	Management of the health and safety of our employees and contractors through our commitment to zero fatalities, investment in safety culture and the mental health and wellbeing of our people.	 	Employees, Shareholders and partners, Industry associations, Government and regulators
	 <b>OUR PEOPLE</b>	Attracting, retaining and developing our people through our employee value proposition, promoting a diverse workplace and inclusive workplace, and investing in our current and future talent.	 	Employees, Shareholders and partners, Local communities
	 <b>COMMUNITY INVESTMENT</b>	Investment in local and regional economic development, including procurement from local suppliers, and engagement with local stakeholders and communities to positively impact the wellbeing of our communities.	  	Local communities, Indigenous groups, Employees, Shareholders and partners, Government agencies and regulators
	 <b>SUSTAINABLE AND ETHICAL SUPPLY CHAINS</b>	Managing our supply chain to reduce risk of modern slavery and unethical practices, prioritise local procurement and build supplier capacity to ensure resilience.		Suppliers, Customers, Government agencies and regulators, Industry associations, Shareholders and partners

## GOVERNANCE

### THE BOARD

The Yancoal Australia Board (the Board) has overall responsibility for Yancoal's environmental, social and governance strategy and reporting, for assessing whether Yancoal has any material exposure to environmental and social risks, and reviewing and evaluating how Yancoal is managing these risks. This includes ensuring that appropriate and effective risk management and internal control systems are in place. The Board is also responsible for the review of this ESG report.

The Board's Health, Safety, Environment and Community Committee (HSEC Committee), which meets at least four times a year, assists the Board with:

- Fulfilling its responsibilities in relation to the health, safety, environment and community (collectively HSEC) matters arising out of the activities of the Company;
- Considering, assessing and monitoring whether or not the Company has in place the appropriate policies, standards, systems and resources required to meet the Company's HSEC commitments; and
- Providing necessary focus and guidance on HSEC matters across the Company.

The Audit and Risk Management Committee (ARMC) and the Board review and evaluate whether the Company has material exposure to environmental or social risks and, if it does, how Yancoal manages or intends to manage those risks.

The Board recognises its role in considering how climate change may drive changes to physical, regulatory, commercial and operating environments to inform the development of medium-to-long term goals and strategies.

### EXECUTIVE

Responsibility for Yancoal's business processes and ESG performance lies with the Chief Executive Officer (CEO) and nominated senior executives. The

CEO has a crucial role in providing direction, leadership and oversight of the performance of individual operations.

In relation to Yancoal's climate-related risks and opportunities in particular, management is accountable for managing these risks and opportunities, delivering on strategic objectives, and providing progress reports to the abovementioned Committees on the control of risks, implementation of opportunities and proposed public disclosures.

Frontline managers are delegated with the day-to-day responsibility for managing ESG performance and mitigating the possible ESG impacts of our operational activities.

## ENGAGING WITH OUR STAKEHOLDERS

Yancoal is committed to clear, meaningful and transparent engagement between the business, both at corporate and operational levels, and our stakeholders. Increasing attention is being placed on ESG disclosures by regulators, financiers, insurers, proxy advisors, institutional and retail investors, customers, and by community stakeholders. Engagement informs Yancoal's understanding of stakeholder perceptions and issues in relation to its business, and enables the company to consider and respond to these issues in a manner that develops trust in Yancoal's brand and strategic objectives.

Yancoal's approach is guided by its Environment and Community Relations Policy, Stakeholder Engagement Strategy Standard and site-specific stakeholder engagement strategies.

During 2020, Yancoal engaged a third party to conduct a review of the stakeholders engagement functions across all operations. Implementation of the recommendations has commenced. Yancoal is committed to developing and maintaining successful partnerships and working relationships with the people impacted both directly and indirectly by its operations. The purpose of the review was to assist Yancoal in updating and shaping its stakeholder engagement

systems and processes, and to improve the consistency of the stakeholder engagement function across all operations. It is recognised that there is a continuing greater focus towards the mining sector by communities in the transition to a lower carbon economy and that this will likely continue into the future, with a need for more extensive engagement.

We have commenced the development of a stakeholder engagement training package to support sites in creating their bespoke stakeholder engagement plans. The key aspects of the training modules include:

- Sharing experiences across the business and building on company best practice.
- Facilitating greater consistency in, and broader awareness of, our approach across Yancoal's operations.
- Reducing inefficiencies associated with different approaches to managing community issues across sites.

These training packages will be rolled out progressively at each site.

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*Yancoal is committed to clear, meaningful and transparent engagement between the business, both at corporate and operational levels, and our stakeholders. We welcome the increasing attention being placed on ESG disclosures by regulators, financiers, insurers, proxy advisors, institutional and retail investors, and by community stakeholders*

# ENVIRONMENTAL STEWARDSHIP



## Our material topic areas:

- Transition to a lower carbon economy
- Water stewardship
- Environmental Management
- Waste management
- Mine Closure, Land Stewardship and Post-mining Land Use

## TRANSITION TO A LOWER CARBON ECONOMY

We recognise the transition to a lower carbon economy is a significant global challenge. As a responsible stakeholder in the energy value chain, Yancoal's operational and business resilience will be dependent on our ability to identify future growth opportunities beyond our existing asset portfolio, while also managing the risks presented to our business as a result of the transition to a lower carbon economy.

We support the outcomes of the 2015 United Nations Climate Change Paris Agreement (Paris Agreement) and the long-term goal to limit the global average temperature rise to well below 2°C<sup>3</sup>. We also note the 2018 Special Report by the Intergovernmental Panel on Climate Change on the impacts of a 1.5°C warming scenario, which reinforces the need for action to address the threat of climate change and to achieve the UN SDGs.<sup>4,5</sup>

Aligned to this, we recognise the growing number of national and corporate-level net-zero GHG emissions commitments being made, including in our key customer markets, reinforced by the COP26 Summit. While the timeframes vary across the short, medium and longer term, these commitments are indicative of the increasing momentum towards a global lower carbon economy. Investigation into opportunities such as replacing diesel-powered mining fleet with electric-powered equipment or introducing renewable power generation to our mine sites are examples of potential future endeavours. These opportunities and future technologies will play a central role in the formation of Yancoal's ESG targets and broader ESG strategy.

## OUR ROLE

We believe the Australian coal mining industry has a key role to play in the energy transition by continuing to supply high-quality coal, which has a lower emissions profile than that of other exporting countries, to ensure universal access to affordable, reliable and modern energy consistent with the objectives outlined in SDG 7.

We also recognise that energy production associated with the consumption of traditional energy sources (our products) contributes to global warming through the release of GHG emissions.

We have an important role to proactively manage the direct (Scope 1) and indirect (Scope 2) emissions and energy intensity of our operations, and support research into technologies that will reduce GHG emissions from the downstream consumption of our products (Scope 3).

Beyond the imperative to reduce GHG emissions in line with the Paris Agreement, climate change will create other challenges for businesses and society, such as the increased occurrence of extreme weather events. It will also present opportunities for innovation in technologies that drive growth in low-carbon products and services. Yancoal is taking action to better understand and manage climate related risks and to take advantage of the opportunities associated with the transition to a global lower carbon economy.

3 United Nations Framework Convention on Climate Change 2015, Paris Agreement. Available at: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

4 Intergovernmental Panel on Climate Change, 2018. Global Warming of 1.5°C – IPCC Special Report. Available at: [https://report.ipcc.ch/sr15/pdf/sr15\\_spm\\_final.pdf](https://report.ipcc.ch/sr15/pdf/sr15_spm_final.pdf)

5 United Nations Sustainable Development Goal 7. Available at: <https://sustainabledevelopment.un.org/sdg7>





#### **WE ENDORSE:**

- A predictable energy and climate change policy, enabled by a consistent regulatory framework at both federal and state levels. This is critical for businesses to plan long term investments effectively. Such a framework would set clear and unambiguous long-term signals to the market over carbon and energy production and consumption, including mining approvals for new and expansion projects.
- A technology-neutral approach for all low emissions energy sources where no one technology is favoured at the exclusion of others.
- The principle that all new energy generation and technology initiatives must be cost competitive to deliver an economically efficient suite of solutions.

#### **YANCOAL WILL:**

- Continue to calculate, track and report our scope 1 and scope 2 emissions through the Australian Government's National Greenhouse and Energy Reporting (NGER) legislation.
- Identify and manage climate-related risks and opportunities, recognising that they may impact our people, infrastructure and value chains, and our customers and markets.
- Monitor relevant policy, market, technology and financial signals and signposts to inform how our investment and development priorities should adapt to transitions in the global energy mix.
- Provide annual disclosures in line with the TCFD Recommendations in our annual ESG Report.

- Strongly support innovation and investment in Carbon Capture, Utilisation and Storage (CCUS) through various industry and policy initiatives, to work towards the commitments outlined in the Paris Agreement.
- Take a constructive role in public policy development and participation in relevant industry associations, guided by our recognition of the aims of the Paris Agreement

#### **A JUST TRANSITION**

Yancoal understands the importance of ensuring a just transition to a lower carbon economy. As ESG issues become a greater focus of business, the relationship between the environmental, social and governance topic areas is increasingly important. As such, we are committed to ensuring human rights, social impact and economic growth are protected and maintained as we progress environmental objectives.

### TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Our 2021 climate change disclosures have been informed by the TCFD Recommendations. The four core elements of the TCFD Recommendations provide an appropriate structure to identify, disclose and manage climate change risks and opportunities. The following table summarises our consideration of each core element in our disclosures. In line with the TCFD Recommendations, our implementation of these Recommendations and alignment of our disclosures will evolve over time.

	RECOMMENDED DISCLOSURES	SUMMARY AND NEXT STEPS
GOVERNANCE	<ul style="list-style-type: none"> <li>✓ Describe the board's oversight of climate-related risks and opportunities</li> <li>✓ Describe management's role in assessing and managing climate-related risks and opportunities</li> </ul>	<p>Climate change accountabilities are articulated in our Board and Board Committee charters.</p> <p>We will continue to monitor the effectiveness of our governance structure for managing climate-related risks</p>
	<p>STRATEGY</p> <ul style="list-style-type: none"> <li>✓ Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term</li> <li>✓ Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning</li> <li>✓ Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</li> </ul>	<p>We recognise there is a range of actual and potential transition and physical climate-related risks and opportunities relevant to our business. In 2021, Yancoal undertook a scenario analysis review against two divergent, plausible future scenarios identified by the International Energy Agency ("Stated Policy Scenario" and "Sustainable Development Scenario"). The outcome of this analysis has highlighted that across the short and medium term, our current strategy and portfolio are resilient to the global transition to a low carbon economy as a result of our high-quality coal, and diverse and flexible product mix. In the long term, there is greater uncertainty due to the potential for downwards pressure from policy and financial drivers as societal expectations change and as coal generator fleets reach end of life.</p> <p>We will continue to extend our understanding of strategic climate-related risks and opportunities as these develop over time. This includes consideration of a high temperature increase scenario.</p>
RISK MANAGEMENT	<ul style="list-style-type: none"> <li>✓ Describe the organisation's processes for identifying and assessing climate-related risks</li> <li>✓ Describe the organisation's processes for managing climate-related risks</li> <li>✓ Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management</li> </ul>	<p>Climate-related risks and opportunities have been identified and evaluated as part of our Enterprise Risk Management Framework and are captured in our Enterprise Risk Register.</p> <p>Undertake periodical analysis of the climate-related risks and opportunities, the results of which will be used to update our enterprise risk management register and inform future management activities.</p>
	<p>METRICS AND TARGETS</p> <ul style="list-style-type: none"> <li>✓ Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process</li> <li>— Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</li> <li>— Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets</li> </ul>	<p>We disclose our Scope 1 and 2 emissions on an annual basis. Our operations are covered by the Australian Safeguard Mechanism legislation, which requires us to maintain our Scope 1 emissions within our approved baselines. We do not report on Scope 3 emissions associated with the downstream consumption of our coal products as this is not within our operational control. However, we note in 2021, the countries in which the vast majority of our customers were located were signatories to the Paris Agreement or had domestic policies consistent with the Paris agreement. Further, we strongly support research into technologies that will reduce GHG emissions from the downstream consumption of our products (scope 3).</p> <p>We are in the process of developing strategic targets and are considering other potential signals and signposts for managing climate-related risks across the medium and long term. There are clear actions in place to establish targets to manage climate-related risks.</p>

**Key:** ✓ recommendation addressed; — recommendation partially addressed; ● recommendation not addressed yet.

## CLIMATE CHANGE RISKS AND OPPORTUNITIES

In line with our commitment to align with the Recommendations, our identification and assessment of climate risks considers:

- Physical risks relating to the physical impacts of climate change (both acute and chronic); and
- Transition risks and opportunities relating to a lower carbon economy, including changes to policy and legal obligations, technological innovation, changing market demand for products, and changing stakeholder expectations.

The table below reflects our understanding of our most significant climate-related risks relevant to our business. We acknowledge that this list is not exhaustive, and we continue to enhance our understanding and response to these risks.

## TRANSITION RISKS

	DESCRIPTION	RISK MITIGATION
POLICY	Changes in government regulations in Australia, which increase restrictions over the use of land for coal mining, could impact the time and cost associated with obtaining greenfield and extension approvals. Restrictions could also be placed on markets to which coal is sold.	We actively monitor changes in domestic and global policy and legislation relevant to carbon emissions, coal mining and coal power generation. This includes the recent amendments to Australia's Safeguard Mechanism legislation.
	The introduction of new and/or more stringent carbon pricing mechanisms, both within Australia and key coal importing countries, may increase the cost associated with operating mines that generate liable GHG emissions, reduce margin, and therefore reduce the cost competitiveness of thermal coal versus less emission intensive alternatives.	We have completed a detailed analysis of recent and potential changes to carbon and climate policy out to 2040 in our key export markets. We have used the outcome of this analysis to inform our understanding of the resilience of our current strategy. We will continue to revisit this analysis as required.
	Policy uncertainty and sudden changes in government policy relating to either coal consumption or energy generation in our key export markets could impact the medium to longer term outlook for coal demand.	We engage with domestic policymakers, either directly or via our industry associations, to advocate for positive policy outcomes.
	Changes in government policy which increase the cost of water, biodiversity, land rehabilitation and mine closure requirements may reduce the cost competitiveness of Australian coal.	
LEGAL	Increased litigation against the company and/or Directors due to opposition of new approvals or expansions.	We monitor legal developments in these areas and seek advice on significant developments.
	Increased litigation for damages caused by climate change impacts, or to force greater action on climate change.	
MARKET CHANGES	Increased competitiveness of non-coal power generation alternatives along with changes in the energy and climate change policies in key export countries leads to a structural decline in global demand for thermal coal. This in turn may drive downward pressure on global coal prices.	To inform our strategy and investment decision-making, we monitor the global policy and competitive environment and conduct detailed assessments of commodity markets. We have completed detailed scenario analysis within our key export markets using the IEA's 2019 World Energy Outlook's Stated Policies and Sustainable Development Scenarios to test our portfolio's resilience and to inform future strategic decision-making. We will revisit this analysis as required.
	Increased and more stringent carbon policies leads to an increase in the cost of key inputs for mining – including electricity and diesel.	We operate according to stringent environmental conditions and we will continue to leverage the positive environmental attributes of our coal product compared to other exporting countries to service markets that mandate higher coal quality.  We continue to identify and implement energy efficiency initiatives.

## TRANSITION RISKS

	DESCRIPTION	RISK MITIGATION
REPUTATION	Changing stakeholder expectations and lack of acceptance of the role of high-quality coal in supporting the transition to a lower carbon future may impact our reputation and delay approval processes.	We engage with our key stakeholders on climate change and broader ESG issues in a clear, meaningful and transparent manner to better understand their expectations and to share our approach to managing these risks.
	Availability of, and access to, financing and key services such as insurance may reduce or may no longer be available. Alternatively, the cost of these services may increase if the number of parties prepared to partner with the coal industry reduces significantly.	We proactively engage with our finance and insurance brokers to communicate our strategy and risk management practices, including how we are managing our climate-related risks and the resilience of our portfolio.
	The ability to attract and retain a suitably skilled workforce could be impacted by employee perceptions about working in the coal mining industry.	We take a science-based approach to the management of our GHG emissions and broader environmental impacts, and look for innovative ways to address these risks. In doing so, we aim to attract and retain skilled employees that align with our values and proactive management approach.  We maintain a strong and positive presence in the communities in which we operate where our contribution to the local community is well understood and appreciated. At our workplaces, we maintain a strong focus on our workplace culture and pay our employees competitive salaries and benefits to position ourselves as a desirable employer.

## PHYSICAL RISKS

	DESCRIPTION	RISK MITIGATION
PHYSICAL RISKS (ACUTE)	Increased severity and frequency of extreme weather events, such as bushfires, floods and extreme heat days, could impact on our employees' health, and/or impact our ability to achieve budgeted production, deliver on customer contracts, and increase operational costs.	We have Site Emergency Response and Continuity plans as well as bushfire and flooding management plans in place at each site. These are reviewed periodically.  We carefully monitor weather conditions and change our site operations as required.  We provide a safe and healthy work environment for our employees.
PHYSICAL RISKS (CHRONIC)	Longer term trends that can be more difficult to identify and respond to. For example, average and seasonal variability in rainfall patterns may result in an increase or decrease in site water balances. In turn, this may impact our ability to achieve budgeted production, increase operational costs associated with water, and lead to negative sentiment regarding the mining sector's water consumption in times of scarcity.  Changes in climate may also affect the types of ecosystems that are rehabilitated on site, in turn impacting our ability to meet our rehabilitation requirements.  Likewise, warming temperatures could impact the health of our employees and the wider communities in which we operate. The warmer temperatures may lead to increased electricity consumption where it is used for cooling.	We inform our understanding of changing weather patterns with the updated climate science.  We monitor site water balances and proactively manage water licenses. We also track and report site water inputs, reuse and outputs in alignment with the Mineral's Council of Australia (MCA) Water Accounting Framework.

## OPPORTUNITIES

In addition to understanding and managing climate-related risks to our business, we also continue to investigate and take advantage of climate-related opportunities. The most significant of these opportunities relates to our ability to service the increasing preferencing of high quality coal over lower coal grades, as the better energy efficiency and lower pollutant content aligns better with the shifting needs of customers in our key markets.

We note that:

- Our Tier 1 mines operate in the bottom quartile of the cost curve;
- The majority of our production is derived from large, low-cost, high efficiency mines.
- The high calorific value of our thermal coals, being largely sold into countries with developed economies, indicates sustained demand for our product; and
- Our metallurgic coal production, although minor in the scale of the overall business, has excellent resilience driven by long-term requirements for steel production.

These factors contribute to the resilience of our current business strategy in the face of changes that may occur in the market as a result of the global energy transition. In conjunction with our industry peers, we also invest in the development of low-emissions technologies and in emissions reduction from certain coal mines through Low Emission Technology Australia. In addition to this, we also recognise that future growth opportunities may include

diversifying beyond our existing coal-focused asset portfolio into other minerals and renewable energy products, which are key to facilitating the transition to a lower carbon economy.

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*In addition to understanding and managing climate-related risks to our business, we also continue to explore and take advantage of climate-related opportunities. The most significant of these opportunities currently relates to our ability to service the increasing demand for high quality coal in an increasingly carbon constrained world.*

## THE RESILIENCE OF OUR PORTFOLIO TO CLIMATE CHANGE IMPACT

In line with the recommendations of our TCFD analysis, we have undertaken a scenario analysis to explore the resilience of our business against a set of divergent, plausible energy transition futures. This analysis has, and will continue to, provide an outlook on what the future demand for our products may look like under varying scenarios. We continue to assess the resilience of our business to key climate-related supply-side risks that may impact our ability to meet and deliver on the demand for our products.

## ENERGY AND EMISSIONS

### Scope 1 and 2 Emissions

As a thermal coal producer, we acknowledge we have a role in mitigating the emissions generated by our operations. We report our operational direct (Scope 1) and indirect (Scope 2) emissions and energy consumption data on an annual basis in line with the Australian NGER legislation. We have implemented systems and processes for the collation and calculation of the data required by the Federal Clean Energy Regulator (CER).

In addition to this, the Australian Government's Safeguard Mechanism legislation, which has been in place since July 2016, requires facilities whose net covered emissions exceed the safeguard coverage threshold of 100,000 tCO<sub>2</sub>-e per year (per facility) to keep their emissions at or below a baseline set by the CER. Exceedances of the baseline may result in financial carbon liabilities.

All of Yancoal's facilities have operated within their respective Scope 1 baselines, including the four new calculated baselines established under the Safeguard Mechanism for Ashton, Moolarben, Warkworth and Yarrabee which were approved by the CER in 2021. This means that Yancoal will not incur a financial carbon liability for the period 1 July 2020 – 30 June 2021. Monthly monitoring and forecasting of key emissions sources will continue to track performance against these baselines.

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### *What is scenario analysis, why do we use it?*

Scenarios are not forecasts or predictions. Accurately predicting the future is not possible, even in the short term. The events of this past year have again highlighted the volatility of the market in the face of disruptions such as the pandemic and geopolitics. If anything, these events have shown us that what matters most is not the ability to foresee specific change and disruption, but to be resilient and adapt quickly when change inevitably occurs.

Scenario analysis enables us to stress-test business performance and resilience against an array of divergent, plausible futures. It assists us in identifying key drivers of change, as well as highlighting the resulting risks and opportunities, to inform our strategic thinking and decision making today. Consideration of a spectrum of evidence-based scenarios enables anticipation of what customer needs will be, and how we can continue to offer value into the future.

**Please refer to the Yancoal 2020 ESG Report for detailed scenario analysis**

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The majority of the Company's Scope 1 emissions relate to fugitive emissions from mining and combustion of fuel. Scope 2 emissions stem from the consumption of purchased electricity.

Overall, on an operational control basis, Yancoal's total Scope 1 and Scope 2 greenhouse gas (GHG) emissions for the period ended 30 June 2021 totalled 2,213,876 tCO<sub>2</sub>-e, which represents an 8% increase from the previous year. Our Scope 1 and Scope 2 emissions are inherently linked to our rate of production, with a higher rate of production typically resulting in an increase in emissions. Over 2021, total run of mine (ROM) coal production increased by 7%.

The overall total increase was principally driven by a 97% increase in Ashton's total Scope 1 and Scope 2 emissions. The site experienced a record year of production, with a 40% increase in ROM production. This accounted for some of the increase, however the main contributor was increased fugitive emissions from ventilation, driven by an increased emissions factor for methane (global warming potential increased from 25 to 28), and the inability to flare ventilation gas during the period. Scope 2 emissions from electricity consumption decreased by 2% which is a positive year-on-year result.

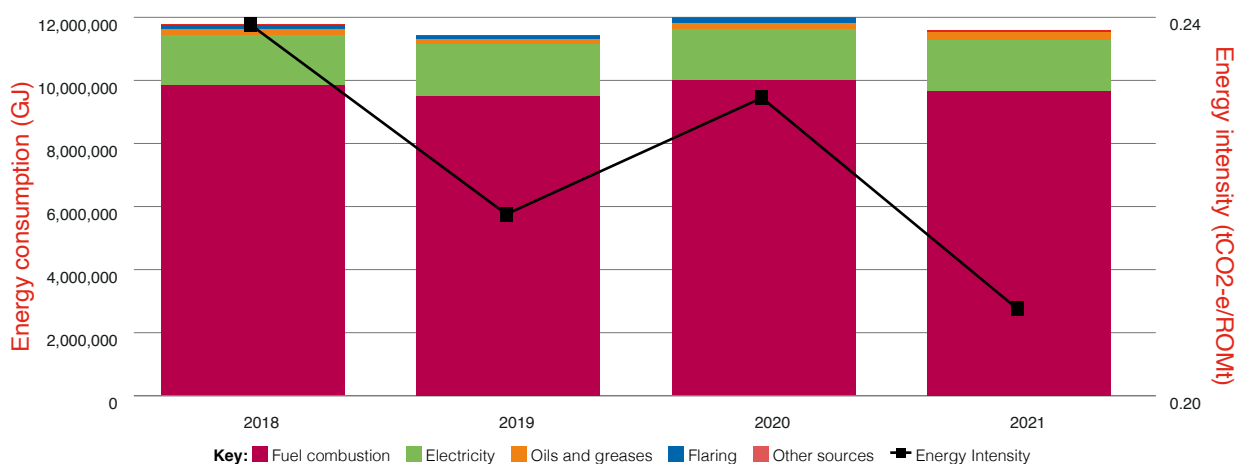
### SCOPE 1 AND 2 EMISSIONS AND EMISSIONS INTENSITY<sup>6</sup>

INDICATORS	2021	2020	2019	2018
Total Scope 1 emissions tCO <sub>2</sub> -e	1,858,895	1,680,466	1,615,597	1,754,907
Total Scope 2 emissions tCO <sub>2</sub> -e	354,981	361,717	367,701	359,620
Total Emissions tCO <sub>2</sub> -e	2,213,876	2,042,183	1,983,298	2,114,527
Total ROM production	55,490,929	51,634,141	51,574,833	49,455,204
Emissions intensity tCO <sub>2</sub> -e/ROMt	0.040	0.040	0.038	0.043

### Energy Consumption

Yancoal's energy consumption is driven predominately by its diesel fuel consumption across its operations, followed by electricity consumption. Over the 2021 period, total ROM coal production increased by 7%, leading to a relatively unchanged emissions intensity.

### ENERGY CONSUMPTION AND ENERGY INTENSITY



<sup>6</sup> Scope 1 and 2 Emissions, Energy Consumption and respective intensities are based on the Australian fiscal year NGER data as submitted to the CER.

### Scope 3 emissions

We do not report on Scope 3 emissions, including those associated with the downstream consumption of our coal products. Scope 3 emissions from the use of our coal are captured in the Scope 1 emissions of our power generation and steel making clients. This is in line with the requirements of the United Nations Framework Convention on Climate Change (UNFCCC), which states that all emissions associated with an activity within a nation's borders count towards that nation's emissions total, and emissions associated with 'upstream' and 'downstream' Scope 3 emissions associated with activities outside of those borders are accounted for in the relevant countries' portfolio. This avoids double counting and ensures complete and accurate emissions accounting across borders.

As referenced in 'The Resilience of our Portfolio to Climate Change Impacts' section, our operations produce high quality, low ash and high-energy coal, which therefore produces some of the lowest emissions per tonne consumed in the world. Due to its higher quality, Yancoal's Australian product is often preferred to the coal produced in other countries. In 2021, the countries in which the vast majority customers were located were signatories to the Paris Agreement or had domestic policies consistent with the Paris Agreement.

We continue to actively and strongly support the development of technologies aimed at reducing the emissions intensity of these downstream activities. This stance includes supporting the research and continued development of effective CCUS.

## WATER STEWARDSHIP

Yancoal is committed to the efficient and responsible use of water resources, and to implementing efficient practices in water management across all our operations. Water is a highly valued, shared and finite resource and we acknowledge stakeholder interest in how we manage and use this resource in our operations.

Water management is a highly regulated aspect of our operations and we have risk-based surface and groundwater management plans that guide the day-to-day interactions of operations and water sources in order to mitigate water impacts and risks.

Operations also employ various water reticulation systems, which assist in the recycling of water to ensure maximum use across our operations.

Yancoal has implemented a fit for purpose water accounting process across all operations that is consistent with the Minerals Council of Australia (MCA) Water Accounting Framework (WAF). Benchmarking of all sites against the MCA WAF provides a consistent and measurable starting point for the staged improvement in water accounting across Yancoal's operations.

Key to the implementation of our water accounting framework has been the development of individual water asset registers. These registers, along with the company-wide standardised approach to water accounting, allows consistent analysis of our water assets which can enable us to effectively participate in the water markets where we operate.

Importantly, our site water asset registers have allowed Yancoal to evaluate and progress opportunities to undertake internal water trades (temporarily sharing water entitlement across sites) and to improve water security and supply.

We have disclosed our water performance in line with this framework for the third consecutive year and will continue to further improve our water performance reporting.

During the Reporting Period, our operations were able to source water resources in line with production requirements across all regions. In March 2021, NSW experienced unprecedented rainfall events with parts of the state subject to severe flooding, disrupting mining, rail and port activity. Throughout the reporting period, NSW experienced above average rainfall and high winds associated with the La Niña weather cycle which disrupted mining and port activity and hampered the recovery from the March floods. Most of the NSW open cut mines neared their water storage capacity. In November 2021, many parts of NSW and Queensland experienced the wettest November on record, again leading to site, rail and port disruptions.

Comparison between 2021 and 2020 shows an overall increase in total water input across the sites. This was a direct outcome of increased rainfall and the associated increase in surface water runoff. As a result, water return in terms of licensed discharges and environmental flows also increased to remove excess runoff. Water used on site remained consistent between the years.

## WATER BALANCE DATA

WATER BALANCE (ML)	2021	2020 <sup>7</sup>	2019
<b>WATER WITHDRAWN (BY SOURCE)</b>			
Surface Water <sup>8</sup>	27,678	20,814	8,254
Groundwater <sup>9</sup>	12,427	14,024	16,286
Imported freshwater (contract/municipal)	95	193	278
Transferred from other mines	47	684	1,113
Water in ore that is processed <sup>10</sup>	1,830	1,933	2,477
<b>Water input (total)</b>	<b>51,678</b>	<b>46,317</b>	<b>39,229</b>
<b>WATER USE ON SITE</b>			
Production water <sup>11</sup>	10,792	10,559	8,481
Recycled water <sup>12</sup>	9,601	8,670	10,821
<b>Change in storage during the year<sup>13</sup></b>	<b>12,726</b>	<b>11,264</b>	<b>3,685</b>
<b>WATER RETURN (BY SOURCE)</b>			
To surface water <sup>14</sup>	6,843	5,674	4,725
To groundwater through seepage	472	580	25
Evaporation <sup>15</sup>	6,968	5,347	5,073
Entrained in product of process waste	8,391	7,169	9,737
Supply to third party	5,487	5,724	7,504
<b>Water output (total)</b>	<b>38,952</b>	<b>35,053</b>	<b>35,544</b>

7 Ashton has identified additional 2020 water data which has resulted in minor changes to the 2020 aggregated water data in the table above compared to the 2020 ESG Report.

8 Includes precipitation and runoff as well as licenced water accessed from rivers and creeks.

9 Includes interception, bore fields, diversion seepage and first flush capture.

10 Includes groundwater entrainment.

11 Includes dust suppression and industrial uses such as underground demand, coal handling and preparation plant (CHPP) demand and vehicle wash-down.

12 Reticulation of stored mine water, including tailings or mine water that is contaminated in process that is recycled and reused on site

13 The difference between total water input and total water output is "change in storage".

14 Licenced discharges from sites and irrigation undertaken in accordance with relevant statutory requirements and government policies.

15 Includes irrigation.





## ENVIRONMENTAL MANAGEMENT – RIGOUR AND ACCOUNTABILITY

Yancoal's operations are subject to stringent environmental approvals and licences, and Yancoal is committed to implementing systems, processes and practices to ensure compliance with the conditions of these approvals and licences and other legislative requirements.

Yancoal's HSEC Committee sets the direction for the Company's continued commitment to meet all relevant environment, health and safety legislative requirements. Its overall approach to the management of environment and community impacts is directed by the Environment and Community Relations Policy. This policy commits Yancoal to operate as an environmentally and socially responsible corporate entity and to conduct its operations in a lawful and environmentally sound manner. This policy is supported by Yancoal's Corporate Environmental Management System (EMS), site-specific EMS and site-specific environmental management plans.

Yancoal's Corporate EMS provides a governance structure for managing environment and community matters and sets minimum management and performance requirements for these matters. As part of the Corporate EMS, all operations are required to undertake (and routinely update) environment and community risk assessments. Relevant controls and other mitigation measures are developed and implemented to assist in the management of these risks.

Environment and community related risks are incorporated into the sites' broader risk assessments and the Corporate Enterprise Risk Management Register.

### THIRD PARTY ASSURANCE

Yancoal continues to implement an Independent Environmental Assurance Audit (IEAA) program that operates on a two-year cycle. The purpose of the IEAA program is to provide the Board, HSEC Committee and Senior Management with an overview of environmental risks and performance, and assurance that these risks are appropriately identified and actively managed across its owned and managed coal mining operations.

The IEAA program assists Yancoal in maintaining a culture of excellence in environmental governance and performance across all its operations by:

- ensuring key environmental risks are identified;
- identifying opportunities for improvement;
- ensuring audit actions are implemented in a timely manner; and
- providing a platform to share learnings from the audits across the group.

This program is risk-based in its design and application. The IEAA assesses the effectiveness of each site's EMS, supporting management plans and internal environmental governance, with a particular focus on each site's identified environmental risks. The risk-based approach involves the identification of key risk topics in advance of each audit and a targeted review of the agreed risk topics during the on-site audit days.

In 2021, audits were undertaken at Cameby Downs in February, Stratford and Duralie in April, Premier in August and at Yarrabee in September. These audits were adapted due to travel restrictions and additional site-based precautions due to COVID-19. The audit team was able to undertake desktop work remotely, followed by site visits when permitted by COVID-19 travel restrictions. In the case of Premier due to Western Australia's travel restrictions, auditors based in Perth attended the site with the lead auditor participating via video link from Brisbane. Actions from the audits are loaded into Yancoal's Intalex database to track their close out which is reported back to the HSEC Committee. The program continues to provide valuable feedback to the HSEC Committee and the wider Environment and Community personnel.

### LEGAL AND REGULATORY COMPLIANCE

During the reporting period, there were no material non-compliance of laws or regulations relating to air or GHG emissions, discharges into water or land, or generation of hazardous or non-hazardous waste, that would have resulted in prosecution or in material harm to the environment.

## AIR QUALITY MANAGEMENT

Air quality is a key concern for the community, and we strive to minimise air emissions caused by our operational activities. Across our operations, comprehensive mitigation measures have been implemented to minimise potential impacts on the general health and amenity of surrounding environments, and to comply with relevant statutory obligations. This includes having site-specific Air Quality Management Plans and appropriate air quality monitoring in place to guide day-to-day management of dust generating activities.

Where there is a risk of offsite dust emissions affecting the amenity of private residences in surrounding areas, Yancoal has established continuous real-time meteorological and air quality monitoring stations, which provide advanced warnings that enable prompt operational changes to ensure dust emissions remain within approved limits.

The practices used to minimise and mitigate against dust emissions include but are not limited to: using water trucks to dampen haul roads; modifying mine operations during windy and dry conditions; and rehabilitating mined land as soon as practical to reduce exposed areas.

Yancoal's air quality performance standards are based on the National Environment Protection (Ambient Air Quality) Measure. Yancoal's overall compliance with these limits demonstrates that Yancoal is managing air emissions from its mining operations effectively and remains committed to continuously improving its air quality management strategies to minimise impacts to surrounding communities and the environment in which it operates.

## AIR EMISSIONS REPORTING

Each Yancoal-managed operation submits annual NPI reports in accordance with the National Environment Protection (National Pollutant Inventory) Measure. The NPI reports provide interested parties with information about substance emissions in Australia. Over the previous two years,

Yancoal's key NPI reportable pollutants have remained relatively stable, in line with ROM production, with no major changes in carbon monoxide, oxides of nitrogen, particulate matter (PM10), sulphur dioxide or volatile organic compounds. A complete breakdown of our air emissions data is included in the Performance Data section.

## NOISE MANAGEMENT

Noise is an important operational consideration, and we strive to minimise noise emissions caused by our operational activities. Yancoal manages operational and construction noise in a similar manner to the management of air emissions. This includes having site-specific Noise Management Plans and appropriate noise monitoring in place to guide and assist operational personnel in the day-to-day management of noise generating activities.

Where there is a risk of offsite noise emissions affecting the amenity of private residences in surrounding areas, Yancoal has established continuous real-time meteorological and noise monitoring stations which provide early warning to enable prompt operational changes to ensure noise emissions remain within approved limits. Yancoal recognises that operational noise emissions can be more distinct at night and therefore we employ additional personnel at some operations to proactively manage this.

Each Yancoal-managed site has adopted a suite of site-specific noise criteria. Yancoal's compliance with these limits demonstrates its commitment to the management of noise emissions from its mining operations. Yancoal remains committed to continuously improving its noise management strategies to minimise impacts to surrounding communities and the environment in which it operates.

## PROACTIVE MANAGEMENT OF NOISE AND AIR EMISSIONS

Real-time weather stations are also deployed across the majority of Yancoal's operations, which assist in the management and mitigation of mining generated dust and noise emissions. Meteorological stations provide real-time data on key weather parameters, such as

wind speed and direction, allowing the operation to make informed decisions on blasting and dumping operations each day. At select sites, the weather data is used in combination with noise and dust models as a predictive tool to forecast the direction and dispersion of potential dust and noise emissions from planned mining activities. This enables operational personnel to plan for potential adverse weather conditions, such as high winds or temperature inversions, and to adjust operational activities accordingly to minimise impacts to the amenity of private residences in surrounding areas.

## COMMUNITY COMPLAINTS

During the Reporting Period, Yancoal received 238 community complaints across its managed operations. This is a 22% reduction compared to 2020.

Air quality-related complaints reduced by 16% from 2020. This improvement is attributed to ongoing efforts to proactively manage dust emissions, as well as wetter conditions experienced in 2021.

Noise-related complaints reduced by 40% during the Reporting Period, which can be attributed to continued efforts by sites to proactively manage noise including ongoing use of dedicated Community Response Officers at MTW.

Each site is required to meet Yancoal's Community Complaints Management Standard, which provides for the standardisation of complaints categorisation and reporting to ensure consistent and effective receipt, recording, investigation and response to community complaints. Promptly investigating and responding to community complaints as soon as practicable is a key priority for Yancoal to demonstrate responsiveness and to prevent non-compliances with regulatory operating obligations and conditions. This responsiveness has contributed to the reduction in community complaints during the Reporting Period.

## Collaborating with our Suppliers to Achieve Business Improvements



In an effort to minimise operational noise, Yancoal has undertaken a program to lower the noise produced by the dozer fleets at its open cut mines.

Coal mining operations have strict noise limits and implementing effective sound suppression measures is a key factor that influences the nature of our relationship with local communities. Yancoal has a long-standing partnership

with WesTrac to supply Caterpillar® machines for both surface and underground operations. Since 2018, we have collaborated with these suppliers to conduct a series of studies at Mount Thorley Warkworth and at Moolarben, which have led to dozer size optimisation and improvements in noise emissions. These included some innovative yet simple design changes being tested

and then applied to our new dozer fleet to reduce the sound emanating from these vehicles.

This is a tremendous outcome that benefits our neighbours and demonstrates how Yancoal works collaboratively with our suppliers to achieve continuous improvements across the business.

## MINE CLOSURE, LAND STEWARDSHIP AND POST-MINING LAND USE

### MINE CLOSURE AND REHABILITATION

It is a core principle that mining is a temporary land use and that successful mine closure and tenement relinquishment enables previously mined land to be made available for beneficial post-mining land uses. We continually investigate opportunities for maximising the beneficial re-use of land that will not only meet the statutory obligations required to successfully relinquish mining tenements, but also enhance the ecological and social benefits offered by the land after mining concludes. Meeting agreed rehabilitation and mine closure criteria is the key to successfully relinquishing tenements and returning previously mined land for beneficial re-use.

It is Yancoal's view that early and on-going analysis of potential post-mining land uses throughout the mine planning process will improve post-mining outcomes. In this reporting period, 215 hectares of rehabilitation was completed across Yancoal operations.

Below are some examples of mine closure and rehabilitation measures, initiatives and results:

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#### YANCOAL'S MINE CLOSURE STANDARD

Since 2019, we have had a dedicated Mine Closure Manager responsible for developing a Mine Closure Standard to provide guidance and to ensure consistency of approach in mine closure planning across all Yancoal sites. We also have two Mine Closure Specialists at Austar and Duralie to coordinate responsible mine closure activities. The Mine Closure Standard and accompanying Mine Closure Plan Template were finalised in 2020 and will progressively standardise and improve closure planning across all our managed operations.

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#### RE-ESTABLISHING VITAL VEGETATION COMMUNITIES

Both MTW and Moolarben have development consent requirements to re-establish specific vegetation communities in rehabilitation areas and to provide permanent protection for these areas at mine closure.

The objectives of the defined management practices and re-establishment programs is to increase the quality of the vegetation, increase the long-term fauna habitat and improve ecosystem function and resilience of the land.

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#### CENTRAL HUNTER GREY BOX-IRONBARK WOODLAND

Since 2011, MTW has been progressively rehabilitating select areas of the mine to 'Central Hunter Grey Box-Ironbark Woodland', which is an endangered ecological community. These areas have been included as study sites in an Australian Coal Association Research Program (ACARP) funded study. The goal of the project is to determine whether mine rehabilitation in the Hunter Valley can support recognisable and self-sustaining endangered ecological communities. The study was completed in 2021 and found that mine rehabilitation can support ecological communities, which are recognisable in the NSW Hunter Valley. The results are positive in relation to the likelihood of establishing recognisable ecological rehabilitation elsewhere in temperate woodlands in Australia.

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#### DURALIE'S NEST BOX PROGRAM

A nest box program to provide habitat enhancement and to support a range of native arboreal fauna and threatened species has been established at both the Stratford and Duralie mine sites. Over 470 nest boxes are installed within the biodiversity conservation areas and the native woodland mine rehabilitation areas.

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#### MOOLARBEN'S BIODIVERSITY CREDITS PROGRAM

Moolarben has developed completion criteria for the attainment of biodiversity credits within rehabilitation areas and commenced works toward meeting the completion criteria. Rehabilitated areas in relevant landforms that generate specific residual ecosystem and species credits will continue to be monitored after the landforms are establishment. This will allow the early detection of any material rehabilitation failure, the tracking of progress against completion criteria and the implementation of corrective actions if required. Based on this information from ongoing monitoring activities, the performance and completion criteria for the generation of credits is likely subject to change over the duration of the operation.

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# Planning for beneficial land use after mining has ended

After over 100 years of operation, in February 2021 the decision was made to transition Auster from care and maintenance to full closure, and the process of implementing the mine closure and site rehabilitation program commenced.

Site closure and relinquishment are important and critical processes of the life-of-mine cycle and in demonstrating how mining is a temporary use of

the land. It is a complex process that includes: the removal of all mining equipment; sealing of mine workings; dismantling of infrastructure; extensive rehabilitation activities; and the ongoing monitoring of final landforms. Mine closure at Auster is anticipated to take in excess of 10 years to complete before relinquishment of the mining leases can be granted.

A key objective of Auster's mine closure plan is to deliver a suite of post-mining land assets.

Given the Auster mine has long played a pivotal role in the development of Cessnock and the local region, Yancoal will be receptive to community views on mine closure developments and will keep the community informed on how the mine closure program progresses.



## BIODIVERSITY

Yancoal manages approximately 13,000 hectares of biodiversity offset lands across our operations. In addition, another 800 hectares (approximately) has been incorporated into the National Parks Estate, State Conservation Areas or Conservation Agreement areas. Biodiversity offsets improve the conservation of many threatened and vulnerable native flora and fauna species and ecological communities. These include the endangered ecological communities such as White Box-Yellow Box-Blakely's Red Gum Grassy Woodland and Central Hunter Grey Box-Ironbark Woodland communities and threatened species such as the Large Eared Pied Bat, Long Nosed Potoroo, Regent Honeyeater, Swift Parrot, *Tetratheca juncea* (Black-eyed Susan) and *Persoonia pauciflora* (North Rothbury *Persoonia* plants).

Biodiversity offset management plans are in place to manage and improve the quality and integrity of offset lands to assist in the management of key ecological communities. These are supported by species-specific Management Plans. Significant resources are deployed across a range of activities to meet our biodiversity offset commitments. Some of these activities include:

- Native seed collection, propagation and tube-stock planting;
- Weed and feral pest management;
- Nest box installation;
- Land remediation works;
- Hazard reduction burns; and
- Scheduled ecological surveys.

Furthermore, in 2021, the results of a Squirrel Glider population study have guided ongoing targeted programs for establishing wildlife corridors and habitat to enhance to protect and expand glider colonies. The study was carried out in

2020 on the colonies and home ranges in the vicinity of the Stratford Biodiversity Conservation areas.

During 2021, the revegetation programs have continued in the Stratford and Duralie biodiversity conservation areas. Throughout autumn, planting of more than 35,000 trees covering 210 hectares was completed to assist the regeneration of native vegetation communities including endangered ecological communities.

During 2020, there was a transition from an extended drought period to good rainfalls across most Yancoal biodiversity offset areas. Monitoring program results showed that while drought impacts continue to be evident, the offset areas have demonstrated a positive response to the wetter conditions with progressive drought recovery. Further supplementary planting continued throughout 2021 to support improvement of the ecological values of our biodiversity offset land areas.

**DISTURBANCE AND REHABILITATION INDICATOR** <sup>16,17</sup>

<b>INDICATORS</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total Area (ha) disturbed during the Reporting Period	787	452	752	341
Cumulative Area (ha) disturbed as of 31 December	10,515	9,944	9,669	9,343
Total Area (ha) of rehabilitation undertaken during the Reporting Period	215	176	267	181
Cumulative Rehabilitation Area (ha) as of 31 December	4,069	3,854	3,675	3,656
Total Footprint (ha) as of 31 December	14,584	13,797	13,345	12,998
<b>Ratio of Rehabilitation to Total Footprint as of 31 December</b>	<b>39%</b>	<b>39%</b>	<b>38%</b>	<b>39%</b>

**WASTE MANAGEMENT**

Yancoal recognises the importance of effectively managing waste that arises from our operations. Yancoal's approach to waste management is outlined in each site's environmental management plan and/or strategy, to ensure relevant legislative requirements are met as required.

Hazardous and non-hazardous non-mineral waste is collected and either recycled or disposed of by third party providers. For Yancoal, hazardous non-mineral waste is mainly comprised of effluents and waste oils, while nonhazardous non-mineral waste includes scrap steel, mixed solid waste and timber. Mineral wastes include materials generated through the mining process such as tailings and course rejects.

There are ongoing efforts across Yancoal to drive down the total volume of non-mineral waste generation and implement the waste management hierarchy of seeking options to reuse, recycle and recover energy from the waste that is generated.

**TAILINGS DAM MANAGEMENT**

There is strong stakeholder interest in the effective and safe management of Tailings Storage Facilities (TSFs) and Yancoal is continually updating operational plans and procedures to keep pace in adopting industry leading practices in the safe management, rehabilitation and closure of our TSFs. The majority of Yancoal's TSFs are located 'in-pit', as this is the most effective way to manage tailings disposal. In addition, TSFs across Yancoal operations are managed in accordance with relevant regulatory obligations.

Sites undertake comprehensive risk assessments as part of the management of their TSFs to identify key risks associated with the transport, storage and management of tailings. This work is complemented by annual Industrial Special Risk surveys that consider tailings disposal risks and are performed by an independent consultant. Yancoal completes dedicated TSF assessments across all relevant sites over a multi-year period. Recommendations resulting from the independent reviews are assessed and formally tracked by Yancoal.

Statutory safety inspections form an integral part in the management of TSFs and are conducted by government regulatory bodies in each jurisdiction as required.

The Dams Safety Act 2015 (NSW) and Dams Safety Regulation 2019 further reinforce the regulatory oversight of Declared Dams in NSW. Informed by the changes to the NSW legislation, our relevant NSW sites have updated management practices in line with the applicable changes in legislation. In Queensland, the existing legislation continues to regulate TSFs as "Regulated Structures".

<sup>16</sup> Rehabilitation defined as area(s) shaped, topsoiled and seeded. Includes areas under ongoing active management (i.e. not relinquished).

<sup>17</sup> Minor variances in rehabilitation areas relate to variances in methodologies of determining areas, including survey/mapping variances and methodologies, from year to year.

# SOCIAL IMPACT AND COMMUNITY INVESTMENT



## Our material topic areas:

- Indigenous cultural heritage
- Our people
- Health, Safety & Wellbeing
- Socio-economic Contribution

## INDIGENOUS CULTURAL HERITAGE

Indigenous cultural heritage is highly significant to past, present and future generations. We understand that a company's engagement with custodians of Indigenous cultural heritage, traditions and customs is critical to its integrity. Yancoal acknowledges the importance of positive, effective and collaborative working relationships with Indigenous stakeholders at each of our operations.

Yancoal is committed to the coexistence of its operations with the cultural heritage of Indigenous stakeholders and will continue to manage cultural heritage matters across all our operations. At several of our operations, we have set aside land areas identified by our Indigenous stakeholders as having significant cultural heritage value. Within the boundaries of these secured areas we exclude all mining and other potential disturbance activities. Access to these areas for Indigenous stakeholders is retained throughout the mine life and beyond for various purposes, including undertaking cultural activities and education of younger generations.

Cultural heritage management is highly complex and sensitive. We have developed cultural heritage management plans that guide the day-to-day interactions of operations and issues of cultural heritage. These management plans have been prepared in consultation with our Indigenous stakeholders and include agreed measures on how to manage this interaction. In some instances, management plans identify areas or sites of cultural significance that must not be disturbed, either directly or indirectly (for example, from blasting). Other cultural heritage areas or sites that have been agreed and approved for disturbance are managed through mutually agreed actions, including relocation or the permanent curation and storage of items, under the guidance of Indigenous stakeholders.

In 2021, Yancoal's Corporate's Environment & Community Department implemented a new process to maintain corporate oversight of potential mining activities that could impact Aboriginal cultural heritage sites of significance. We also undertook a cultural heritage audit. Results from this process include:

- Maintaining a register at the corporate level of all identified cultural heritage sites across our managed operations;
- Strong governance on sites with General Managers and Operations Managers having clear oversight and ownership of cultural heritage matters;
- Engaging government-approved archaeologists that support the development of a site-specific Heritage Management Plan in collaboration with Aboriginal communities;

- Undertaking periodic training to inform employees about Aboriginal Cultural Heritage; and
- Undertaking a proactive review of all recorded Aboriginal Cultural Heritage sites.

While the day-to-day interaction of site activities with issues of cultural heritage is managed at the site level, Yancoal is now able to ensure corporate oversight adds another level of governance in determining whether approved impacts on cultural heritage are necessary and appropriately managed for ongoing operations.

Yancoal recognises the value and benefits of open and respectful relationships with Indigenous stakeholders and is committed to continuing these relationships.



## OUR PEOPLE

Yancoal recognises that people are our most important asset and central to our success. We are committed to regular engagement with our people to cultivate an inclusive workplace that empowers our people and promotes diversity.

This includes a commitment to the following:

- Equal employment opportunities;
- A focus on creating an inclusive culture where all voices are heard and incorporated;
- Fair employment practices and anti-discrimination laws; and
- A workplace free from any kind of discrimination, harassment or intimidation of employees.

All employment with Yancoal is voluntary and Yancoal complies strictly with the applicable employment laws and does not employ any child labour. Yancoal has a range of formal and informal processes in place to ensure our people work in an environment that is conducive to productivity, safety and teamwork. We have the following mechanisms in place to facilitate this:

- Annual employee performance development reviews for salaried employees, which provide opportunities for feedback and improvement;
- Employee engagement surveys, which provide us with an understanding of our peoples' experiences at Yancoal and assist in identifying opportunities for improvement;
- Employee check-ins at the three- and five-month marks are encouraged, to understand how they are settling into their new role; and
- Assessment of potential learning and development opportunities to assist the career progression of employees.

Connected to our values, Yancoal has a suite of human resources policies covering a range of issues. These include:

- Code of Conduct;
- Whistleblower Policy;
- Diversity Policy;
- Workplace Behaviour Policy;
- Gifts and Benefits Policy;
- Leave Policy;
- Parental Leave Policy; and
- Working Hours & Arrangements Policy.

Our policies are made available to our people via our intranet and through our employee induction programs conducted across all operations.

### DIVERSITY & INCLUSION

Yancoal's commitment to diversity assists in our ability to:

- Attract, retain and develop the best talent;
- Create an inclusive workplace;
- Deliver the highest quality services to our customers; and
- Continue growing our business.

Gender equality has been identified as a key area of focus for Yancoal. On an annual basis, the Nomination and Remuneration Committee reviews the proportion of women employed by the Company and submits a report to the Board outlining its findings.

As at 31 December 2021, the proportion of women who were directly engaged as employees and contractors was 13%, comprised of 379 Full-time, 17 Part-time, 4 Casual and 89 Managed Contractors. The proportion of women in Executive Committee roles within the Company during 2021 was 7%: Women held 1 of 14 Executive Committee roles within the Company. On and from 30 January 2018, one female Non-Executive Director sits on the Board.

### “WOMEN IN MINING” MENTORING PROGRAM

In 2021, Yancoal expanded its participation in the “Women in Mining” Mentor Programs across all states in which we operate. Yancoal is a Silver Sponsor for the 2021 WIMnet NSW mentoring program. Seven female employees were accepted into the NSW program as mentees. These mentees work at a variety of NSW sites including Moolarben, MTW, Abel and Sydney, in a range of roles including operators, maintainers, specialists, support staff and a manager. Yancoal also has five mentors accepted in the program inclusive of one Executive.

For the first year, Yancoal had employees participating in the WIMARQ (Women in Mining and Resources Queensland) mentoring program. There are two mentees participating in the program, one from Yarrabee and the other from Cameby Downs.

### WOMEN IN MINING AWARDS

A structured approach to internal and external Awards has been implemented with a guideline outlining the purpose and scope of recognising and celebrating our women in mining. This guideline provides expectations and a clearly defined selection criteria for each Award category to promote a high level of nomination submissions with an emphasis on peer to peer recognition.

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*Yancoal has a range of formal and informal processes in place to ensure our people work in an environment that is conducive to productivity, safety and teamwork.*

## LIST OF YANCOAL AWARD WINNERS IN 2021

AWARD RECIPIENT	AWARD CATEGORY	ISSUER
<b>Laura Zhang</b> Company Secretary, Chief Legal, Compliance, Corporate Affairs Officer	FINALIST – Exceptional Woman in Mining	2021 NSW Women in Mining Awards
<b>Taylor Komacha</b> 3rd Year Mining Engineering Cadet	'Intern of the Year'	2021 University of Newcastle Employability Awards
<b>Belinda Bignold</b> Acting Technical Services Manager at Premier	Model Employee	2021 Shandong Energy Awards
<b>Marketing &amp; Logistics Team</b>	FINALIST – Outstanding Business Unit or Individual	2021 Shandong Energy Awards
<b>Cris Shadbolt</b> Yarrabee Coal Operation	Mine Manager of the Year	Australian Mining's Prospect Mining Awards
<b>Yarrabee Coal Operation</b>	Australian Coal Mine of the Year	Australian Mining's Prospect Mining Awards
<b>Yarrabee Coal Operation</b>	Excellence in Mine Safety and OH&S	Australian Mining's Prospect Mining Awards

## BUILDING AN INCLUSIVE CULTURE

Our focus is on building a culture that is inclusive, where employees feel a sense of belonging and are encouraged to have their voices heard. This is a key enabler for having diversity of thought within our decision making. To grow this at Yancoal, the following initiatives were implemented in 2021.

INITIATIVE	DETAIL
<b>Culture Champions</b>	We have culture champions across Yancoal. Their role has been pivotal to our success in encouraging participation during the Engagement Survey roll out. A recent culture champion video provided those who volunteered a sense of pride, with feedback from one saying "Thank You for the opportunity to participate in your video and be able to voice our opinions. Look forward to more great opportunities in the future."
<b>HR Culture Masterclass</b>	In April 2021, the HR team across Yancoal were provided a Culture Masterclass by Fiona Robertson, author of the book, Rules of Belonging. The session provided learnings into the difference between Culture and Engagement. The Masterclass explored how to identify the rules of belonging to a team and how the patterns of behaviour are formed and adapted by others. This is critical for HR who play a key role in influencing and embedding culture programs at each site or office. Therefore, this upskilling session identified drivers and a common language which will assist in implementing culture improvements.
<b>Cross Culture workshops</b>	Professor Jocelyn Chey and Professor Jing Han, Director of Australia-China Institute for Arts and Culture at Western Sydney University provided four insightful sessions on the Chinese Culture. These sessions provided the Executive Leadership Team and Non-Executive Directors with increased knowledge on the effective communication based on beliefs and culture, geography, political system, employment law and workplace culture. The sessions created an opportunity to increase awareness and build understanding to enhance the working relationships and grow strong rapport with Yancoal's shareholders.

## OUR FUTURE

AND THE WINNER IS...  
Cindy Jiang (Corporate)  
姜越 (总部)

### *Celebrating our Most Important Asset: Our People*

In spite of COVID-19 restrictions, over the past two years Yancoal has been determined to gather our people together in order to celebrate and recognise their achievements and successes.

The inaugural Yancoal Awards night was held in 2019 and was a festive dinner event in Sydney where members of our workforce from all over Australia

congregated for an evening of connection and recognition. While such an event could not be held in person in 2020 and 2021 due to the COVID-19 pandemic, an innovative online event was held to replicate the experience of 2019 as much as possible.

The online Yancoal Awards involved attendees from all sites remotely

participating in the award ceremony from the comfort of their lounge rooms. 'Break out' rooms allowed colleagues from different locations to reconnect and socialise at intervals.

Such events are critical in building a Yancoal culture where our workforce feel valued, celebrated and rewarded.

## KEY 2021 INITIATIVES

During 2021, key People-related initiatives included the following:

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### DIVERSITY AND INCLUSION STRATEGY

In 2020, Yancoal developed a three-year strategy to actively promote and increase the diversity of our workforce. In 2021, Yancoal had 88 leaders of the business undertake a half day workshop focused on inclusive leadership. The 'Inclusive Leadership' program develops leadership capabilities for building a climate where employees with diverse backgrounds and experience are able and willing to contribute fully to work practices and decision-making.

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### COVID-19 RESPONSE

Yancoal is proud of our leadership in response to the COVID-19 pandemic. Frequent, timely and open communication and the introduction of flexible working practices allowed for a focus on leading 'authentically'. Despite the challenges that COVID-19 presented, our employees remained connected to the business and their teams.

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### GROWING YANCOAL'S BRAND VISIBILITY

To maintain a competitive edge in the increasingly constrained employment market, Yancoal focused on growing our brand visibility and reputation through participating in industry award programs. Increased participation in industry awards provided Yancoal with national and international brand recognition, and provided our people with opportunities to represent Yancoal at industry events, to build key relationships, and to demonstrate why Yancoal has a reputation as an employer of choice.

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## 2022 FOCUS AREAS

Looking forward to 2022, key People-related initiatives will include the following:

### Diversity and Inclusion Strategy:

Our journey to improve the diversity of the Yancoal workforce, and inclusivity of decision making will continue in 2022 with the roll out of the strategy, including:

- Participation in industry-wide mentoring programs and forums
- Participation in industry-led awards events to raise the profile of women in mining
- Celebrating diversity-focused events, such as International Women's Day and Harmony Day.

Yancoal prides itself as a place where everyone deserves the right to feel safe and respected, regardless of their gender, ethnicity or background. In response to recent reports of sexual harassment elsewhere in the mining industry Yancoal has focused on creating a culture that prevents sexual harassment and empowers people to speak up and take action where behaviours do not meet expected standards.

### Frontline Leadership Program:

To equip our frontline leaders with skills to lead effectively and authentically, Yancoal is establishing a steering committee to develop a frontline leadership program with initial roll out in late 2022. The program aims to provide a consistent approach to leadership development, focusing on building communication skills, empathetic leadership qualities and self-management skills.

### Continuing to Grow Yancoal's Brand Awareness:

In 2022, Yancoal will be focused on continuing to build our brand awareness through increasing our relationship and visibility with Universities and students. We will also continue to be a Silver Sponsor for the NSW WIMnet mentoring program, offer the mentoring program to our QLD and WA sites through their respective organisations, and nominate high performing employees for industry awards.

### LEGAL AND REGULATORY COMPLIANCE

For the Reporting Period, there are no material non-compliance with laws and regulations relating to employment and labour policies and/ or practices, or any incidents relating to the use of child or forced labour.

### HEALTH, SAFETY AND WELLBEING

At Yancoal, the health, safety and wellbeing of our people is our utmost priority and we remain committed to achieving our goal of zero injuries. We never compromise on safety.

The Board's HSEC Committee and the Board set the direction for Yancoal's continued commitment to operating its mines to the highest safety standards and in accordance with legislative requirements. This approach is formalised in Yancoal's Health and Safety Policy.

Working with Yancoal's Executive Leadership Team and senior management teams, the HSEC Committee is chaired and led by members of the Yancoal Board, providing external oversight of the Company's operating and reporting standards. The HSEC Committee and the Board are responsible for considering, assessing and monitoring the Yancoal policies to ensure these meet the requirements of the Company's health, safety, environment and community commitments. During 2021, whenever



possible (allowing for COVID-19 restrictions) the HSEC Committee and senior management held HSEC meetings on location at operating mine sites to better understand issues on the ground.

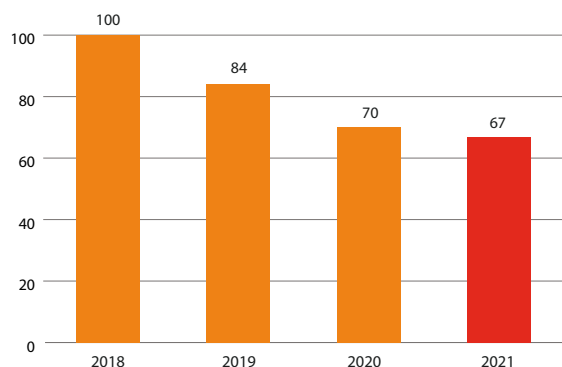
Together, executive management, the HSEC Committee and the Board continue to reinforce a culture of continued improvement, with the leadership, capabilities, systems and reporting procedures needed to be an industry leader in safety management.

Each mine implements proactive strategies to update and monitor its safety standards, behaviours and reporting to ensure operations are aligned and focused on achieving Yancoal's aspirational goal of zero harm. Taking responsibility for the

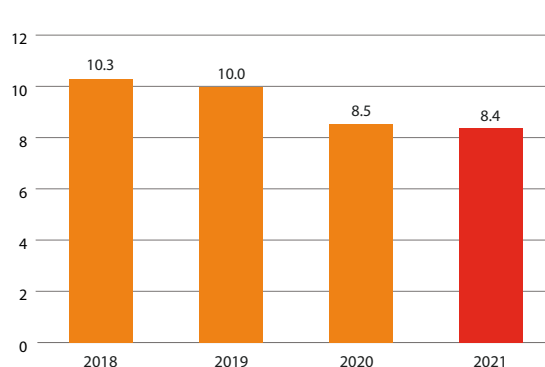
safety of all employees, contractors and visitors, Yancoal continues to implement robust safety and risk awareness and management practices across all areas of its operations.

Our continued focus on safety was reflected in the 9% reduction in the total number of recordable work-related injuries achieved during 2021, as well as reductions in the total number of high consequence and lost time injuries compared to 2020. These improvements reflect our continued emphasis on safety. At the end of 2021, our TRIFR was 8.4 (compared 8.5 at the end of 2020), and our Lost Time Injury Frequency Rate (LTIFR) was 4.2 (compared to 4.3 in 2020).

#### NUMBER OF RECORDABLE WORK-RELATED INJURIES



#### TOTAL RECORDABLE INJURY FREQUENCY RATE





**CORE HAZARD CRITICAL CONTROL PROGRAM**

In 2021, compliance to the Core Hazard Management Schedule leading safety indicator (related to the Yancoal Core Hazards and associated Critical Controls) was further improved. In adhering to the Core Hazard Management Schedule, Yancoal performed above expectations with the timely completion of >99% of the Schedule’s audits (compared to the target of 90%).

**TRAINING MANAGEMENT SYSTEM**

In 2021, Yancoal’s Training Management System (TMS) was further upgraded with enhanced analytics, features and integration. These enhancements were conducted in several phases over the past two years, which allowed changes to be implemented without any disruption to our critical compliance systems or operations.

As a result of the TMS integration, our Learning Management System and Contractor Management System now

produce reports which enable us to make operational and safety decisions based on the information collected and held within our overall information portal. Key enhancements and features include:

- Simple access interface design for the TMS portal allows easy accessibility and provides an improved user experience;
- Broadcasting system allows messaging to quickly communicate directly with the workforce;
- Utilising powerful search and navigational tools to find workers/ contractors and to track training and compliance records; and
- Accessing advanced training and assessment modules, to create, set and deliver important safety training events to employees and contractors through online delivery.

In addition, our TMS interacts in real time with physical security access control systems. Yancoal has a swipe-card system

to identify each worker and certify their access to certain sites or locations by matching the individual’s currency against our business rule requirements for access to each site. This assists with authorised workers being given access to the right mine sites. Finally, with the integration of mobile digital platforms, nominated supervisors have access via their mobile phones and tablets to the live system, which allows easy access to real-time information when on site.

**MENTAL HEALTH AND WELLBEING**

The mental health and wellbeing of all our employees and contractors is essential. Yancoal’s Employee Assistance Program (EAP) is offered to all of our employees and their families on a free and confidential basis. Throughout 2021, mental health and wellbeing was at the forefront of our engagement with our people and was central to our COVID-19 response

and recovery. We provided specialised initiatives to assist employees in adjusting to working from home, including:

- Check-ins from the HR teams;
- Increasing frequency of team and one-on-one meetings; and
- Arranging social activities in a virtual format.

These initiatives assisted employees to stay connected to their teams and the broader business. At operational sites, Yancoal included mental health related topics as part of our monthly safety focuses and celebrated 'R U OK?' Day to promote the open discussion of mental health.

### SAFE WAY CULTURE AND SAFE WAY BEHAVIOURS

Yancoal has developed and implemented a Safe Way Culture Framework to provide a consistent approach to Health, Safety and Training management across the group and to support the integration of a culture that demonstrates the "Safe Way Every Day" principles. "Our Safe Way Culture" project encompasses 12 "Safe Way Behaviours" intended to mitigate behaviours that could contribute to incidents and injuries.

The Safe Way Behaviours are being implemented to assist our workforce get home safely at the end of each shift. Yancoal has commenced implementation of the new Yancoal Safe Way Behaviours initiative with the rollout to continue over the next 12 months.

### PSYCHOSOCIAL BUSINESS REVIEW

During 2021, Yancoal conducted a business risk review with the aim to better understand our level of preparedness to respond to the emerging psychosocial risk in the workplace. The business review and subsequent risk assessment identified a range of actions designed to improve the response across the business to this emerging risk.

### OCCUPATIONAL HEALTH

During 2021, Yancoal continued several occupational health pilot projects across various operations.

A key pilot project, kicked off in 2020, included the expansion of the Operators Awareness Systems - Heavy Vehicle (OAS-HV), which uses fatigue monitoring technology to reduce the risk of fatigue-related haul truck incidents. OAS-HV is a non-intrusive fatigue and distraction solution that continuously monitors operators to proactively prevent accidents. Using an infra-red camera, OAS-HV continuously monitors eyelids, facial and head movements, and other unsafe behaviour (such as mobile phone use or speeding) while the vehicle is in motion.

Although procedures to reduce fatigue risk have previously been in place, OAS-HV enhances the effectiveness of Yancoal's fatigue detection through features including in-cabin alarm and seat vibration that alert the worker to unsafe events, as well as a review function that allows recorded video footage to be used to educate workers about fatigue and its implications. Broader implementation of this pilot project across other Yancoal operations was completed as planned in 2021.

Other occupational health-related projects completed during 2021 included the provision of nutritional information to shift workers.

### LEGAL AND REGULATORY COMPLIANCE

During the reporting period, there were no material non-compliance of laws or regulations relating to providing a safe working environment and protecting employees from occupational hazards.

## SOCIO-ECONOMIC CONTRIBUTION

### OUR DIRECT AND INDIRECT ECONOMIC CONTRIBUTION

At Yancoal, we support the economic development of the local and regional communities in which we operate.

We contribute to economic development through a variety of methods, which include:

- Payment of taxes and royalties to local, state and federal governments;
- Procurement from local business and service providers;
- Employing members of local and regional communities; and
- Voluntary investment in programs and initiatives that make a genuine positive difference and lasting change to our local communities.

Yancoal's Economic Contribution Report measures our wider indirect economic impacts, such as those generated by our business supply chain expenditure and consumption-induced spending in our key regions, and measures the comprehensive economic benefits that flow to local communities and governments from our operations.

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*At Yancoal we support the economic development of the local and regional communities in which we operate.*

# OUR FUTURE

## Instilling the Right Culture to Keep our Workers Safe

The Yarrabee mine in Queensland is a leading example of how Yancoal sites successfully address issues related to worker safety. Since 2019, Yarrabee's management and workforce developed a Safety Culture Framework uniquely suited for the site's conditions.

The framework represents an evolution from compliance-based applications to the empowerment and coaching of the workforce to use critical thought processes to assess and control risk,

and to identify leading indicators of potentially risky behaviour. The framework focuses on leaders building trust and purposeful engagement to ensure the workforce is capable of making safer decisions, as well as feeling valued and invested in the outcomes. Success of the framework was demonstrated by Yarrabee achieving 668 LTI Free Days from June 2019 until April 2021 (the only LTI event in over two years has been a spider bite).

In recognition of Yarrabee's success it won the 2021 Australian Mining Prospect Award for Excellence in Mine Safety and OH&S.

**668** LTI FREE DAYS  
AT YARRABEE

THE ONLY LTI EVENT IN OVER TWO  
YEARS HAS BEEN A SPIDER BITE



**IN FY2021, OUR DIRECT ECONOMIC CONTRIBUTION INCLUDED:**

- 

**\$513 million** in wages and salaries to 3,130 full time resident employees, representing an average salary level of approximately \$164,000 per annum. In addition, there were 631 full time equivalent contract workers engaged by Yancoal in 2021.
- 


**\$1.6 billion** addressable operational and capex spend from over 2,400 suppliers and providers, with an average spend per supplier of approximately \$667,000.
- 

**\$10 million** in local government payments (including rates, developer and other contributions).
- 


**\$1.4 million** in voluntary contributions to 136 community organisations across Australia
- 

**\$443 million** in local, state and federal government payments (including royalties, stamp duty, payroll tax and land tax).

**IN FY2021, OUR INDIRECT ECONOMIC CONTRIBUTION INCLUDED<sup>18</sup> :**

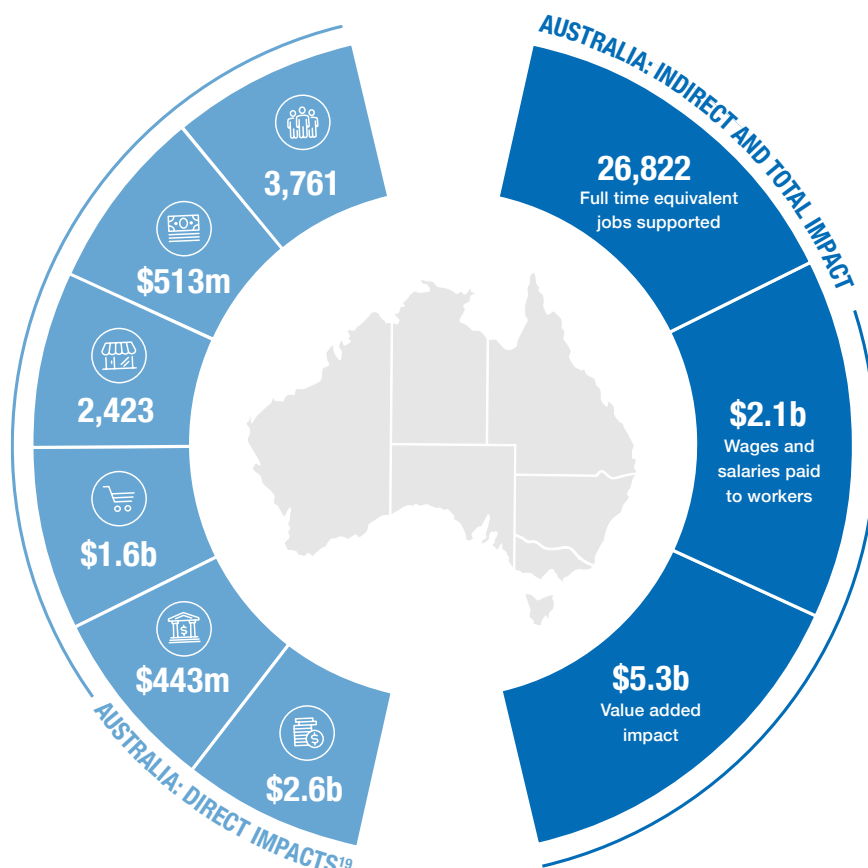
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**\$5.8 billion** in output/turnover (a measure of direct and supply chain purchases from businesses).
- 

**\$5.3 billion** in value added, contributing to the Gross National Product (GNP) for Australia.
- 

**\$2.1 billion** in income (wages and salaries) paid to workers.
- 

**26,822 full time equivalent jobs** supported across Australia during FY2021.

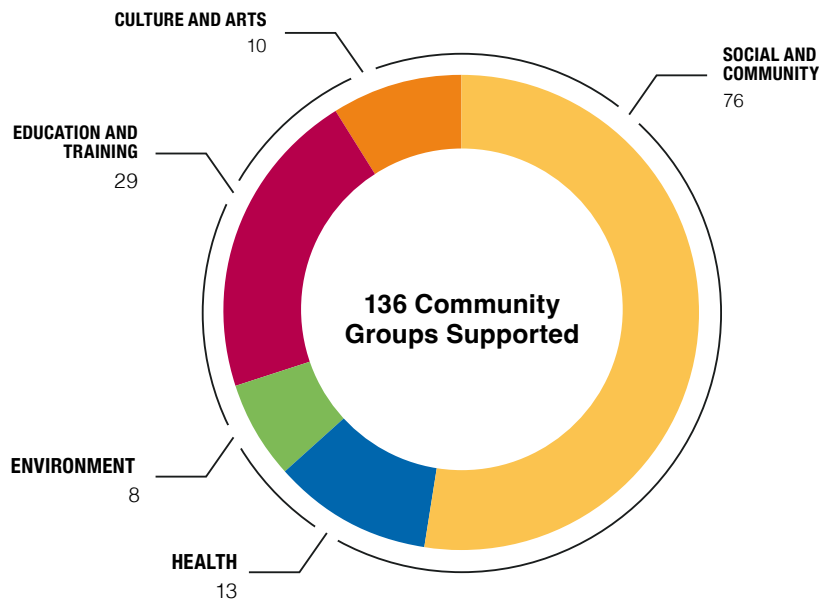


ICON KEY:	
	Fulltime Employees & Contractors
	Wages And Salaries
	Businesses Supported
	Addressable operational and capex spend
	Local, State And Federal Government Payments
	Direct Economic Impact

<sup>18</sup> Economic modelling of the flow-on effects of the direct expenditure has estimated the indirect and consumption-induced effects flowing from the two key direct impacts on the economy i.e. those generated by business supply chain expenditure in each region and those generated by consumption-induced spending in each region. These impacts have been modelled separately and then aggregated to identify the level of impacts on output, incomes, employment and industry value added for each state and region.

<sup>19</sup> Direct impacts include a marginal proportion of overseas impacts.

**2021 COMMUNITY SUPPORT PROGRAMS CONTRIBUTION**



**COMMUNITY INVESTMENT AND ENGAGEMENT**

**Local procurement**

Yancoal sources from local suppliers where they are able to meet our requirements for commercial viability, environment, and health and safety standards as outlined in our Procurement Policy. Across our operations, our highest value contractors in 2021 were for mining services and equipment, haulage, rail and port services.

**Community Investment**

Yancoal is committed to supporting the communities in which we operate. To facilitate this, our Community Support Program (CSP) has two key pillars:

- A corporate-led program for larger scale support; and
- A locally based program at a mine site level

The corporate-led program has several multi-year partnerships with third parties, which align to Yancoal's values and the needs of the local communities.

**2021 CSP CORPORATE-LED PROGRAMS**

**2021 COMMUNITY PARTNERING PROGRAM CONTRIBUTIONS**

CORPORATE PARTNERSHIPS	ANNUAL AMOUNT \$
The Clontarf Foundation	100,000
Queensland University of Technology - Cancer & Ageing Research	200,000
Westpac Rescue Helicopter Service	500,000

**SITE LEVEL COMMUNITY SUPPORT PROGRAM**

Yancoal's site level CSP is specifically designed to invest in projects, programs and initiatives capable of making a difference to the lives of people in our local communities. Each year, Yancoal allocates funds at a site level to support community groups and programs operating across the areas of:

- Health;
- Social and Community;
- Environment;
- Education and Training; and
- Culture and Arts.

Yancoal is proud to be investing into local and regional Australia, helping to build stronger communities across the country. In 2021, Yancoal's CSP invested \$569,422 into local initiatives involving 133 recipients, helping to support local groups within the community. Some examples of the types of initiatives that are funded include:

- Developing and implementing environmental projects;
- Key community events and education competitions;
- Acquisition of new technology and equipment;
- Critical medical research;
- Rescue and rehabilitation of protected local wildlife;
- Support of cultural, artistic and community clubs and societies; and
- Refurbishment of community facilities.



## OUR FUTURE

# Making a Positive Difference in Our Communities

Yancoal's Stratford mine is proud of the positive difference it is making to the Gloucester community through its ongoing support of the Education Support Fund, which aims to respond to the challenges of training people in the Gloucester region and retaining young people in the community after they have completed secondary school. The Fund was created in

1997 and since then has expanded in scope, now providing support for university, TAFE and local business apprenticeships. Over the past 25 years, Yancoal has contributed \$770,000 to the Fund, which has now made a genuine difference to the lives of 200 tertiary students, 135 apprentices/TAFE students and 55 businesses.

In recognition of Stratford's contribution to the local community, the site was nominated as a finalist in the Community Excellence category in the 2021 New South Wales Mining Health, Safety, Environment and Community Awards. Across all our operations, Yancoal is committed to playing an active role building strong and sustainable communities.

# BUSINESS INTEGRITY



- Risk Management
- Code of Conduct
- Whistleblower Policy
- Anti-corruption
- Respecting Human Rights

## RISK MANAGEMENT

Yancoal's future operating performance may be affected by risks relating to the Company's business. While some of these risks are Company-specific, others relate to economic conditions, and the general industry and markets in which the Company operates. Yancoal's Enterprise Risk Management Framework establishes the link between Yancoal's strategic business objectives and its risk management activities. Intended as a dynamic and iterative process, it seeks to:

- Protect and create value;
- Enhance transparency;
- Support decision making; and
- Contribute to continuous improvement.

The framework is supported by management, approved by the Board and reviewed at least annually by the ARM Committee. It is owned by the Company's corporate Risk and Assurance team, and covers the entire organisation and all risks that could materially impact the Company's ability to achieve its objectives. Related policies and procedures have been designed and implemented to identify, assess and manage any material exposure to risks relating to the Company's business, including environmental and social risks. These policies and procedures set out the minimum requirements, integrate into existing processes and supplement other detailed Company procedures to support the timely identification and management



of risks as part of everyday business activities.

Designated individuals across the business have responsibility for identifying and subsequently managing risk control activities and for the implementation of action plans that form part of their day-to-day activities. There is, however, an equal expectation that everyone across our business is aware of and supports Yancoal in the timely identification and management of risks in their respective areas.

Yancoal's risk management process is aligned with the Australian / New Zealand Standard for Risk Management (ISO 31000). It defines the minimum requirements for the formal, systematic and consistent management of material risks across the Company.

In relation to climate risks specifically, we identify and assess relevant climate-related risks through our enterprise risk

management framework. The framework reflects our exposure to a variety of uncertainties that have potential financial, operational and compliance impacts on our business performance, reputation and ability to operate successfully. Under this framework, current and emerging risks are identified, assessed and appropriately managed through identification of preventative and mitigating controls.

## CODE OF CONDUCT

Yancoal is committed to operating legally, honestly, and to the highest level of integrity and ethical standards in all business practices.

At Yancoal, our culture is described as the "Yancoal Way". The Yancoal Way is connected to everything we do and supports the achievement of our goals. It is a set of values and beliefs that defines who we are, how we work and the behaviours we expect from every member of our

team, every day. We know that setting the right culture is important to shape the right behaviours at all times. This in turn gives us confidence that our workforce is adhering to our policies, procedures and standards.

The Yancoal Code of Conduct (the “**Code**”) sets out the basic rules on how we work with each other, how we interact with others outside the business and how we make decisions in the way we conduct our business. Adherence to the Code means we are not only complying with relevant legislation and regulations, but also ensuring our individual behaviour is aligned with the Yancoal Way and our core values regarding people, safety, innovation, excellence and integrity.

The key components to the Code include:

- Acting professionally and ethically at all times;
- Respecting confidential information and communicating effectively with our stakeholders; and
- Supporting our people, behaviours and culture.

The Code applies to all Yancoal’s business activities in Australia and overseas, and all directors, officers, employees, contractors, suppliers, consultants, agents, advisors and representatives engaged by Yancoal and its related companies. Our non-operated joint venture partners and suppliers are expected to adopt similar standards, principles and policies.

The Code of Conduct booklet is communicated to the workforce. Workplace behaviour training for employees and/or leadership teams has occurred at prioritised locations, and a Code of Conduct training program for all levels of the business is being rolled out. The updated training provides our people with up-to-date legislative information important to our industry and work environment. Furthermore, it gives

our people an opportunity to revisit the current expectations, responsibilities and accountabilities at Yancoal.

The Code is also used to guide our behaviours and to set standards of expectation. There are several policies available to reinforce these expectations, including: the Whistleblower Policy, Workplace Behaviour Policy, Anti-Corruption and Sanctions Policy, Share Trading Policy, Diversity Policy and Disclosure Policy.

## WHISTLEBLOWER POLICY

The Yancoal Australia Whistleblower Policy enables protection to certain individuals to raise concerns to an external facilitator with full confidentiality. The Yancoal Code of Conduct and Whistleblower Policy are publicly available on our website: [www.yancoal.com.au](http://www.yancoal.com.au)

## ANTI-CORRUPTION

Yancoal is committed to the highest level of integrity and ethical standards in all business practices, and policies are in place to deter anti-corruption. Our Anti-Corruption and Sanctions Policy strictly prohibits corruption and bribery in all forms. This policy applies to all directors, employees and contractors, as well as business partners, customers, suppliers, intermediaries and related parties, and Yancoal is rolling out appropriate and targeted training on a periodic basis.

For the Reporting Period, there are no material non-compliance of laws and regulations relating to bribery, extortion, fraud or money laundering within Yancoal. Further information regarding our approach to Corporate Governance is in our 2021 Annual Report and on our website [www.yancoal.com.au](http://www.yancoal.com.au)

## RESPECTING HUMAN RIGHTS

Respecting human rights is part of how we operate, and is committed to acting ethically and with integrity in all of our business dealings and relationships in order to ensure modern slavery does not take place anywhere in our business, operations and supply chains. Respecting human rights is important to our ability to contribute meaningful and ongoing social value for our stakeholders. Yancoal recognises that its success depends on how well we respect the rights of individuals and groups who interact with us and are impacted by our business.

In January 2019, the Modern Slavery Act 2018 (Cth) (“Act”) came into effect in Australia. The Act requires companies to disclose actions taken to understand, assess and address the risk of modern slavery in their operations and supply chains. Yancoal’s Modern Slavery Policy, which was approved in early 2020, outlines the Company’s approach to identifying and managing modern slavery risks in its operations and supply chain, and is publicly available on our website at: [www.yancoal.com.au](http://www.yancoal.com.au)

As part of this process, we reviewed our procurement processes and requirements and Code of Conduct to ensure consistency with the requirements of the Modern Slavery Policy. Modern Slavery training via Yancoal’s Learning Management System was also rolled out to the Procurement and Human Resources teams.

Yancoal’s second Modern Slavery Statement covering the 2021 Reporting Period is published as a stand-alone document as part of our 2021 reporting suite and is available on our website.

## PERFORMANCE DATA

### ENVIRONMENT

#### SCOPE 1 AND 2 EMISSIONS AND EMISSIONS INTENSITY<sup>20</sup>

INDICATORS	2021	2020	2019	2018
Total Scope 1 emissions tCO <sub>2</sub> -e	1,858,895	1,680,466	1,615,597	1,754,907
Total Scope 2 emissions tCO <sub>2</sub> -e	354,981	361,717	367,701	359,620
Total Emissions tCO <sub>2</sub> -e	2,213,876	2,042,183	1,983,298	2,114,527
Total ROM production	55,490,929	51,634,141	51,574,833	49,455,204
Emissions intensity tCO <sub>2</sub> -e/ROMt	0.040	0.040	0.038	0.043

#### ENERGY CONSUMPTION AND ENERGY INTENSITY

INDICATORS	2021	2020	2019	2018
Energy consumption from fuel combustion (GJ)	9,642,266	9,983,217	9,485,148	9,814,182
Energy consumption from electricity (GJ)	1,597,599	1,628,568	1,640,937	1,593,493
Energy consumption from oils and greases (GJ)	257,595	188,581	169,945	205,914
Energy consumption from flaring (GJ)	3,207	140,007	82,458	103,655
Energy consumption from other sources (GJ)	81,850	56,085	50,373	54,966
Total energy consumption GJ	11,582,517	11,996,458	11,428,861	11,772,210
Energy intensity/ROMt	0.21	0.23	0.22	0.24

<sup>20</sup> Scope 1 and 2 Emissions, Energy Consumption and respective intensities are based on the Australian fiscal year NGER data as submitted to the Clean Energy Regulator.

## PERFORMANCE DATA

### ENVIRONMENT

#### WATER BALANCE DATA

WATER BALANCE (ML)	2021	2020 <sup>21</sup>	2019
<b>Water withdrawn (by source)</b>			
Surface Water <sup>22</sup>	27,678	20,814	8,254
Groundwater <sup>23</sup>	12,427	14,024	16,286
Imported freshwater (contract/municipal)	95	193	278
Transferred from other mines	47	684	1,113
Water in ore that is processed <sup>24</sup>	1,830	1,933	2,477
<b>Water input (total)</b>	<b>51,678</b>	<b>46,317</b>	<b>39,229</b>
<b>Water use on site</b>			
Production water <sup>25</sup>	10,792	10,559	8,481
Recycled water <sup>26</sup>	9,601	8,670	10,821
Change in storage during the year <sup>27</sup>	12,726	11,264	3,685
<b>Water return (by source)</b>			
To surface water <sup>28</sup>	6,843	5,674	4,725
To groundwater through seepage	472	580	25
Evaporation <sup>29</sup>	6,968	5,347	5,073
Entrained in product of process waste	8,391	7,169	9,737
Supply to third party	5,487	5,724	7,504
<b>Water output (total)</b>	<b>38,952</b>	<b>35,053</b>	<b>35,544</b>

#### HAZARDOUS AND NON-HAZARDOUS WASTE RECYCLED AND DISPOSED<sup>30</sup>

INDICATORS	2021	2020	2019	2018
Total weight (tonnes) of waste generated	14,902	12,964	13,783	9,976
<b>Waste diverted from disposal</b>				
Total weight (tonnes) of waste diverted from disposal	9,345	7,404	8,453	5,925
Total weight (tonnes) of hazardous waste diverted from disposal	6,090	4,003	5,560	2,756
Total weight (tonnes) of non-hazardous waste diverted from disposal	4,629	3,402	2,893	3,169
<b>Waste directed to disposal</b>				
Total weight (tonnes) of waste directed to disposal	5,557	5,560	5,330	4,051
Total weight (tonnes) of hazardous waste directed to disposal	1,197	1,925	1,894	1,971
Total weight (tonnes) of non-hazardous waste directed to disposal	4,360	7,037	6,329	5,249
<b>Percentage of total waste diverted from disposal</b>	<b>63%</b>	<b>57%</b>	<b>61%</b>	<b>59%</b>

21 Ashton has identified additional 2020 water data which has resulted in minor changes to the 2020 aggregated water data in the table above compared to the 2020 ESG Report.

22 Includes precipitation and runoff as well as licenced water accessed from rivers and creeks.

23 Includes interception, bore fields, diversion seepage and first flush capture.

24 Includes groundwater entrainment.

25 Includes dust suppression and industrial uses such as underground demand, coal handling and preparation plant (CHPP) demand and vehicle wash-down.

26 Reticulation of stored mine water, including tailings or mine water that is contaminated in process that is recycled and reused on site.

27 The difference between total water input and total water output is "change in storage".

28 Licenced discharges from sites and irrigation undertaken in accordance with relevant statutory requirements and government policies.

29 Includes irrigation.

30 Previous year waste data converted into new format to meet GRI 360: Waste 2020.

## PERFORMANCE DATA

### ENVIRONMENT

#### DISTURBANCE AND REHABILITATION INDICATORS<sup>31,32</sup>

INDICATORS	2021	2020	2019	2018
Total Area (ha) disturbed during the Reporting Period	787	452	752	341
Cumulative Area (ha) disturbed as of 31 December	10,515	9,944	9,669	9,343
Total Area (ha) of rehabilitation undertaken during the Reporting Period	215	176	267	181
Cumulative Rehabilitation Area (ha) as of 31 December	4,069	3,854	3,675	3,656
Total Footprint (ha) as of 31 December	14,584	13,797	13,345	12,998
Ratio of Rehabilitation to Total Footprint as of 31 December	39%	39%	38%	39%

#### REPORTABLE NATIONAL POLLUTANT INVENTORY (NPI) POLLUTANTS<sup>33</sup>

SOURCE	CARBON MONOXIDE KG	OXIDES OF NITROGEN KG	PARTICULATE MATTER (PM10) KG	SULPHUR DIOXIDE KG	VOLATILE ORGANIC COMPOUNDS KG
Ashton	19,100	56,300	181,000	35	5,250
Austar	5,060	11,000	24,400	6	991
Cameby Downs	181,790	449,220	2,200,332	299	32,663
Duralie	10,720	34,700	459,822	18	2,725
Moolarben <sup>34</sup>	836,275	1,355,750	2,656,298	1,501	107,825
Mt Thorley Warkworth	952,261	2,166,277	8,459,399	1,902	121,652
Premier	425,000	978,000	2,300,000	628	68,500
Stratford	109,910	306,800	2,352,590	190	24,490
Yarrabee	412,070	859,900	7,242,330	599	65,500
<b>Total (2021)</b>	<b>2,952,186</b>	<b>6,217,947</b>	<b>25,876,171</b>	<b>5,179</b>	<b>429,596</b>
Total (2020)	3,234,170	6,774,100	26,138,757	5,608	479,669
Total (2019)	3,613,615	7,408,371	24,581,279	6,216	553,511
Total (2018)	3,818,995	8,125,543	24,866,923	6,431	551,579

31 Rehabilitation defined as area(s) shaped, topsoiled and seeded. Includes areas under ongoing active management (i.e. not relinquished).

32 Minor variances in rehabilitation areas relate to variances in methodologies of determining areas, including survey/mapping variances and methodologies, from year to year.

33 The 2021 Reportable NPI Pollutant figures disclosed are consistent with the data submitted to the Australian Government's Department of Agriculture, Water and the Environment.

34 As Moolarben is transitioning from calendar year to financial year, Moolarben's NPI data is based on 50% of both 2019 and 2020 as an average with the addition of January - July 2021



## PERFORMANCE DATA

### SOCIAL

#### WORKFORCE BY GENDER, GEOGRAPHICAL REGION, AGE GROUP AND EMPLOYMENT TYPE<sup>35</sup>

INDICATORS	2021	2020	2019	2018	2017
<b>Number of employees</b>	<b>3,114</b>	<b>3,093</b>	<b>3,123</b>	<b>3,047</b>	<b>3,079</b>
<b>By gender</b>					
Female	386	359	350	315	308
Male	2,728	2,734	2,773	2,732	2,771
<b>By geographical region</b>					
New South Wales	2,286	2,280	2,344	2,257	2,272
Queensland	514	487	452	453	455
Western Australia	314	325	327	337	352
<b>By age group</b>					
Below 30	286	272	281	280	306
30-50	1,892	1,885	1,909	1,862	1,928
Over 50	936	936	933	905	845
<b>By employment type and gender</b>					
Permanent (Female)	335	313	309	282	275
Permanent (Male)	2,668	2,691	2,719	2,681	2,714
Fixed Term (Female)	35	30	24	21	15
Fixed Term (Male)	53	38	50	44	47
Part Time (Female)	16	16	17	10	15
Part Time (Male)	7	5	4	4	2

<sup>35</sup> Workforce data includes all employees that receive salaries and wages. It excludes contractors. Workforce data by 'employee type and gender' excludes casual employees during the respective reporting periods.

## PERFORMANCE DATA

## SOCIAL

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER<sup>36</sup>

INDICATORS	2021	2020	2019	2018	2017
<b>Number and rate (%) of new hires</b>	<b>385 (12%)</b>	<b>253 (8%)</b>	<b>300 (10%)</b>	<b>419 (14%)</b>	<b>414 (13%)</b>
<b>By gender</b>					
Female	73	49	55	66	63
Male	312	204	245	353	351
<b>By geographical region</b>					
New South Wales	236	172	233	317	291
Queensland	114	68	57	80	94
Western Australia	35	-	-	-	-
<b>By age group</b>					
Below 30	102	55	81	100	103
30-50	223	168	173	255	246
Over 50	60	30	46	64	65
<b>Number and rate (%) of employee turnover</b>	<b>418 (13%)</b>	<b>322 (10%)</b>	<b>335 (11%)</b>	<b>388 (13%)</b>	<b>314 (10%)</b>
<b>By gender</b>					
Female	62	49	44	48	53
Male	356	273	291	340	261
<b>By geographical region</b>					
New South Wales	283	253	238	281	211
Queensland	88	55	75	69	58
Western Australia	47	-	-	-	-
<b>By age group</b>					
Below 30	55	26	48	46	55
30-50	220	172	188	232	99
Over 50	143	124	99	110	160
<b>Average tenure</b>	<b>7.57 years</b>	<b>9 years</b>	<b>7 years</b>	<b>8.1 years</b>	<b>6.2 years</b>

<sup>36</sup> While the number of new employee hires and employee turnover is broken down by gender, geographical region and age group, the rate is only disclosed for the total new employee hires and total employee turnover in the respective reporting periods.

## PERFORMANCE DATA

### SOCIAL

#### DIVERSITY OF GOVERNANCE BODIES AND WORKFORCE<sup>37</sup>

INDICATORS	2021	2020	2019	2018	2017
<b>Board</b>	<b>8</b>	<b>9</b>	<b>11</b>	<b>11</b>	<b>11</b>
Male	7	8	10	10	11
Female	1	1	1	1	0
<b>Executive Committees</b>	<b>14</b>	<b>12</b>	<b>13</b>	<b>12</b>	<b>7</b>
Male	13	11	12	11	6
Female	1	1	1	1	1
<b>Senior Management</b>	<b>37</b>	<b>26</b>	<b>29</b>	<b>25</b>	<b>23</b>
Male	32	23	26	24	23
Female	5	3	3	1	0
<b>Departmental Management</b>	<b>65</b>	<b>91</b>	<b>87</b>	<b>86</b>	<b>79</b>
Male	53	78	75	75	72
Female	12	13	12	11	7
<b>Frontline Employees</b>	<b>2,998</b>	<b>2,948</b>	<b>2,990</b>	<b>2,920</b>	<b>2,966</b>
Male	2,630	2,607	2,657	2,619	2,666
Female	368	341	333	301	300

#### HEALTH AND SAFETY PERFORMANCE

INDICATORS	2021	2020	2019	2018
Number and percentage of workers covered by an occupational health and safety management system	100%	100%	100%	100%
Number and rate of fatalities as a result of a work-related injury	0	0	0	0
Number of recordable work-related injuries (LTI, RWI, MTI)	67	70	84	100
Total Recordable Injury Frequency Rate (per one million hours worked)	8.4	8.5	10.0	10.3
Main types of work-related injury	Soft Tissue Muscle/ Tendons	Soft Tissue Muscle/ Tendons	Soft Tissue Muscle/ Tendons	Soft Tissue Muscle/ Tendons
Number of hours worked	8,006,071	8,200,754	8,426,067	9,709,191

## LEGAL AND REGULATORY COMPLIANCE

During the Reporting Period, Yancoal was not aware of any material non-compliance with laws or regulations relating to health, safety, advertising, labelling or privacy matters in the procurement of products or services that might have a material impact on Yancoal.

<sup>37</sup> The following definitions have been applied in this table: Senior Management includes Corporate General Managers, site General Managers and site Operational Managers; Departmental Management includes all employees with 'Manager' in position title, excludes Supervisors; Frontline Employees includes all employees below Departmental Managers.

## APPENDIX A

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**LEGEND**

‘Comply or explain’ disclosure requirement

Recommended disclosure

**HKEX ESG REPORTING GUIDE****GRI STANDARDS****LOCATIONS OF DISCLOSURE OR REMARKS****A. ENVIRONMENTAL****ASPECT A1: EMISSIONS**

General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Environmental Stewardship section (pages 30-45)
KPI A1.1	The types of emissions and respective emissions data.	GRI 305 Emissions Disclosure: 305-7	Scope 1 and 2 Emissions section (pages 35-36) Scope 3 Emissions - (page 37)
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 305 Emissions Disclosure: 305-1, 305-2, 305-4	Scope 1 and 2 Emissions Intensity tables (page 36)
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Effluents and Waste Disclosure: 306-4, 306-5	Hazardous and Non-Hazardous Waste Recycled and Disposed table (page 61).  Hazardous waste intensity not disclosed as not deemed material to Yancoal.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Effluents and Waste Disclosure: 306-4, 306-5	Hazardous and Non-Hazardous Waste Recycled and Disposed table (page 61).  Non-hazardous waste intensity not disclosed as not deemed material to Yancoal.
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	GRI 305: Emissions Disclosure: 305-5	Action plan referenced in sections below: Chairman’s message (pages 18-19) ESG Targets and Action Plan (page 26) Taskforce on Climate-Related Financial Disclosures (page 32)
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	GRI 306: Effluents and Waste	Waste Management (page 45)

**ASPECT A2: USE OF RESOURCES**

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.		Environmental Stewardship Section (pages 30-45)
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	GRI 302: Energy Disclosure: 302-1 and 302-3	Energy Consumption and Energy Intensity table (page 60)
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	GRI 303: Water and Effluents (2018 version) Disclosure: 303-5  Intensity metric not covered by GRI	Water Balance table (page 61)

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HKEX ESG REPORTING GUIDE	GRI STANDARDS	LOCATIONS OF DISCLOSURE OR REMARKS	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	GRI 302: Energy Disclosure: 302-4	Targets Action plan referenced in sections below: Chairman's message (pages 18-19) ESG Targets and Action Plan (page 26) Taskforce on Climate-Related Financial Disclosures (page 32)
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	GRI 303: Water Disclosure: 303-1, 303-3(a)	Water Stewardship (page 37)
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A	Not applicable to the Yancoal's business

#### ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES

General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.		Environmental Stewardship Section (pages 30-45)
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Yancoal-specific approach.	Environmental Stewardship Section (pages 30-45)

#### ASPECT A4: CLIMATE CHANGE

General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Environmental Stewardship Section (pages 30-45)
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.		Climate Change Risks and Opportunities (page 33) The Resilience of Our Portfolio to Climate Change Impact (page 35)

## B. SOCIAL

### EMPLOYMENT AND LABOUR PRACTICES

#### ASPECT B1: EMPLOYMENT

General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Our People (pages 47-51)
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‘Comply or explain’ disclosure requirement	Recommended disclosure
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HKEX ESG REPORTING GUIDE	GRI STANDARDS	LOCATIONS OF DISCLOSURE OR REMARKS	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	GRI 102-8: Information on employees and other workers GRI 405: Diversity and Equal Opportunity Disclosure: 102-8 (a,b and c), 405-1 (b-ii)	Workforce by gender, geographical region, age group and employment type table (page 63) Diversity of Governance Bodies and Workforce table (page 65)
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	GRI 401: Employment Disclosure: 401-1 (b)	New employee hires and employee turnover table (page 64)
<b>ASPECT B2: HEALTH AND SAFETY</b>			
General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Health and Safety (pages 51-53)
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	GRI 403: Occupational Health and Safety Disclosure: 403-2	Health and Safety table (page 65)
KPI B2.2	Lost days due to work injury.	GRI 403: Occupational Health and Safety Disclosure: 403-2	Health and Safety table (page 65)
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.		Health and Safety (pages 51-53)
<b>ASPECT B3: DEVELOPMENT AND TRAINING</b>			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Code of Conduct (pages 58-59) Health and Safety (pages 51-53)
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Not covered by GRI	Training data has not been disclosed as data is not available for the Reporting Period. Yancoal is implementing processes to capture future data.
KPI B3.2	The average training hours completed per employee by gender and employee category.	GRI 404: Training and Education Disclosure: 404-1	Training data has not been disclosed as data is not available for the Reporting Period. Yancoal is implementing processes to capture future data.
<b>ASPECT B4: LABOUR STANDARDS</b>			
General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Our People (pages 47-51) Respecting Human rights (page 59) Modern Slavery Statement 2021

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HKEX ESG REPORTING GUIDE	GRI STANDARDS	LOCATIONS OF DISCLOSURE OR REMARKS	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	GRI 408: Child Labour and GRI 409: Forced or Compulsory Labour  Disclosure: 408-1c and Disclosure 409-1b	Code of Conduct (pages 58-59) Respecting Human rights (page 59) Modern Slavery Statement 2021
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	N/A	Code of Conduct (pages 58-59) Respecting Human rights (page 59) Modern Slavery Statement 2021
<b>ASPECT B5: SUPPLY CHAIN MANAGEMENT</b>			
General Disclosure	Policies on managing environmental and social risks of the supply chain.		Respecting Human rights (page 59) Modern Slavery Statement 2021
KPI B5.1	Number of suppliers by geographical region.	N/A	Direct Economic Contribution table (page 55). Note: Supplier data has not been disclosed as data is not available for the Reporting Period.
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	N/A	Local Procurement (page 56) Respecting Human rights (page 59) Modern Slavery Statement 2021
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	N/A	Local Procurement (page 56) Respecting Human rights (page 59) Modern Slavery Statement 2021
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	N/A	Local Procurement (page 56) Legal and regulatory compliance (page 65)
<b>ASPECT B6: PRODUCT RESPONSIBILITY</b>			
General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Legal and regulatory compliance (page 65)
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	Not applicable to Yancoal's business
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	N/A	Not applicable to Yancoal's business
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	N/A	Not applicable to Yancoal's business
KPI B6.4	Description of quality assurance process and recall procedures.	N/A	Not applicable to Yancoal's business

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HKEX ESG REPORTING GUIDE	GRI STANDARDS	LOCATIONS OF DISCLOSURE OR REMARKS	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	N/A	Not applicable to Yancoal’s business
<b>ASPECT B7: ANTI-CORRUPTION</b>			
General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Code of Conduct (pages 58-59) Anti-corruption (page 59)
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	GRI 205: Anti-Corruption Disclosure: 205-3	Anti-corruption (page 59)
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosure 102-17 –Mechanisms for advice and concerns about ethics	Code of Conduct (pages 58-59) Whistleblower Policy (page 59)
KPI B7.3	Description of anti-corruption training provided to directors and staff	GRI 205: Anti-Corruption Disclosure: 205-2	Anti-corruption (page 59)
<b>COMMUNITY</b>			
<b>ASPECT B8: COMMUNITY INVESTMENT</b>			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.		Socio-economic contribution (pages 53-57)
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	GRI 203: Indirect Economic Impacts Disclosure: 203-1	Socio-economic contribution (pages 53-57)
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	GRI 201: Economic Performance Disclosure: 201-1(a-ii)	Socio-economic contribution (pages 53-57)



**APPENDIX B****GLOSSARY**

<b>TERM</b>	<b>MEANING</b>
ASX	Australian Securities Exchange
CARP	Cancer and Ageing Research Program
EMS	Environmental Management System
ESG	Environmental, Social and Governance
GHG	Greenhouse Gas Emissions
GRI Standards	Global Reporting Initiative's 2016 Reporting Standards
HKEx	Hong Kong Stock Exchange
HSEC	Health, Safety and Environment Committee
IEAA	Independent Environmental Assurance Audit
LTIFR	Lost Time Injury Frequency Rate
MCA	Minerals Council of Australia
MWOO	Mixed Waste Organic Outputs
NGER	National Greenhouse and Energy Reporting Act 2007
NPI	National Pollutant Inventory
ROM	Run-of-Mine
TRIFR	Total Recordable Injury Frequency Rate
TCFD	Taskforce on Climate-Related Financial Disclosures
TSF	Tailings Storage Facility

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